

SECTION 2 - TAX

1 ESTABLISHING COVERAGE

As an employer of one or more individuals in Wisconsin, you are required to maintain employment records that will permit an accurate determination of your Unemployment Insurance (UI) tax liability. If requested, you must submit reports to establish if you are a covered employer and/or your contribution liability.

You are required to pay UI contributions on your payroll after you've met the statutory coverage liability. Not all employers are "covered" employers. Those that do not meet the coverage requirements or maintain only excluded employment are not subject to the UI law.

A. Determining Coverage Liability

As an employer, you become "covered" and incur tax liability if you meet any one of the following conditions:

1. Conditions Exclusive to Commercial Employers:

- You paid wages of \$1,500 or more in a quarter in any calendar year or;
- You employed one or more individuals in employment for some part of a day in 20 or more weeks in any calendar year. The weeks need not be consecutive and part-time employees must be included in the employee count.

2. Conditions Exclusive to Agricultural Employers:

- You paid cash wages for agricultural labor of \$20,000 or more in a quarter in any calendar year or;
- You employed ten or more individuals in agricultural labor for some part of a day in 20 or more weeks of any calendar year.

3. Conditions Exclusive to Domestic Employers:

- You paid cash wages of \$1,000 or more in a quarter for domestic service in any calendar year.

4. Conditions Exclusive to Nonprofit Employers:

You are a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and you employed four or more individuals on a day in 20 or more weeks in any calendar year.

- Other nonprofit organizations (i.e., non 501(c)(3)) fall under the commercial employer's conditions for liability (see #A1 above).

5. Conditions Exclusive to Government Employers:

- Government employers have mandatory coverage.

6. General Conditions Under Which ANY Employer Will Be Liable for UI Taxes:

- You've paid any wages for Wisconsin employment and you have a liability for that year under the Federal Unemployment Tax Act (FUTA) or;
- You've taken over part or all of the business of an employer already covered under the law (see Part 6: "BUSINESS TRANSFERS AND TAKING OVER A UI ACCOUNT") or;
- You have no liability by law, but you voluntarily elected to become a covered employer (with the Department's approval).

B. How to Establish Compliance

If you think you meet the above conditions or you expect to in the near future, you can complete a new employer registration form and send it to the department electronically.

The web site is

<http://www.new-hires.com/wi/wiser/>.

It can be found on the DWD home page (<http://www.dwd.state.wi.us/default.htm>) under Unemployment Insurance, then Wisconsin Employer Registration.

or

Contact us by:

E-mail: taxnet@dwd.state.wi.us

or

If you prefer a paper form, contact us at:

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

We will send you an employer's report and an account number to establish your account. You can also request the necessary forms by:

Telephone: (608) 261-6700

Fax: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through Wisconsin Telecommunications Relay System (WI TRS). The informational web site for WI TRS is <http://www.hamilton.net/relay/wi/index.html>

C. UCT-1, Wisconsin Employer's Report Form

See Example 1.

The Employer's Report, Form UCT-1, is used to determine if an employer is subject to the unemployment insurance law. The Employer's Report should be completed by all employers who may have a liability to pay unemployment insurance taxes.

The form is used to obtain information such as the employer's trade and legal names, address, type of business and business location. The form will also ask for information regarding an employer's payroll through the date the form is being completed. Employers completing this form should pay particular attention to employment that is excluded from coverage under the law. Types of employment that are excluded are detailed on this form. Corporations should also include wages paid to the officers of the corporation.

2002 WISCONSIN EMPLOYER REPORT

EXAMPLE 1

Page 1

Please complete this report so we can determine if you must pay state Unemployment Insurance taxes. Return this report within **10 days** unless you receive different instructions. If you have **NO EMPLOYEES** only answer questions 1-13, and sign. Personal information you provide may be used for secondary purposes (Privacy Law, s. 15.04 (1)(m)).

Return to: Department of Workforce Development
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707-7942
Telephone (608) 261-6700
Fax: (608) 267-1400

UI ACCOUNT NUMBER

123456-000-1

▼ COMPLETE THIS AREA IF INFORMATION AT LEFT IS INCORRECT OR INCOMPLETE. ▼

Legal Name

John Q. Employer

Trade Name (DBA)

Acme Widgets

Mailing Address (c/o if required for correct delivery)

Street or P.O. Box

1 Capitol St.

City

Anywhere

State

WI

Zip Code

55555-5555

1. Enter your Federal Employer Identification Number.

1 2 3 4 5 6 7 8 9

2. Name/Telephone of Contact Person for Additional Information

John Q. Employer

3. Business Telephone Number

(000) 000-0000

4. Briefly describe your business activity

Manufacture of Widgets

5. Location of business if different than the address shown above

6. Type of Ownership - CHECK ONE

☐ Limited Partnership
☐ Corporation
☒ Individual☐ Partnership☐ Limited Liability Co. (LLC)☐ Limited Liability Partnership (LLP)☐ Other (Estate, Trust, Receivership, Etc.)

State of Incorporation: _____

Please specify: _____

6a. Provide the name(s) and social security number(s) of sole owner, partners, or corporate officers:

Name (Last, First, Middle Initial)

Social Security Number

Position/Title

% of Ownership

Employer, John Q.

222-33-4444

Sole Owner

100%

7. For Corporations Only:

7a. Are you a non-profit organization as described in S501(c)(3) of the IRS Code? ☐ YES ☐ NO

If yes, you must submit a copy of the IRS determination letter of your status.

7b. Are you a Sub-Chapter S Corporation? ☐ YES ☐ NO

If yes, all compensation received by the officers, including dividends and other disbursements, must be shown as wages on this form.

7c. If your business is a corporation, have the officers been paid? ☐ YES ☐ NO8. Have you paid employees for work performed in Wisconsin? ☒ YES ☐ NO

If yes, what is the date of first employment? 12/1/2001

9. Do you expect to pay wages in the future for work performed in Wisconsin? ☐ YES ☐ NO

If yes, estimate the date: _____

10. Do you continue to have paid employees working in Wisconsin? ☒ YES ☐ NO

If no, date you last had employees: _____

11. If you have or had any individuals performing services for you in Wisconsin who you consider to be independent contractors or subcontractors and not your employees, attach a sheet of paper listing their name, business name, address, telephone, type of business activity and FEIN/SS number.

12. Did you acquire any portion of an already established business? ☐ YES ☒ NO

If yes, enter date of acquisition: _____

Name of Prior Owner (corporate name if a corporation)

Trade Name

UI Account Number

Prior Owner's Current Street Address

City

State

Zip Code

13. Did you transfer your business? ☐ YES ☒ NO

If yes, enter Date of Transfer

Name of New Owner

Street Address of New Owner

City

State

Zip Code

14. Do you have employees working for you outside Wisconsin?

No

15. Did you or will you have a federal unemployment tax liability on your payroll in any state in the following years?

2000 ☐ YES ☒ NO2001 ☐ YES ☒ NO2002 ☒ YES ☐ NO

2002 WISCONSIN EMPLOYER REPORT **EXAMPLE 1 - CONTINUED** Page 2

16. You do not have to pay UI taxes on certain persons. The most common categories are listed below. A more complete list is found under **PERMITTED EXCLUSIONS** on page 4.

16a. If you have any employees in any of the categories below check all that apply.

- | | |
|--|---|
| <input type="checkbox"/> Partners in a general partnership. | <input type="checkbox"/> Insurance or real estate sales people paid by commission only. |
| <input type="checkbox"/> Unpaid corporate officers. | <input type="checkbox"/> Members of a Limited Liability Company (LLC). |
| <input type="checkbox"/> Agricultural labor on employer's farm.
(Note: Ag. exclusion on page 4) | <input type="checkbox"/> Salesperson paid by commission only for sales made in the consumer's home.
(You may not exclude commissions paid for sales to businesses) |

☐ Other: Indicate appropriate alphabetical letter as shown on page 4 under the heading **PERMITTED EXCLUSIONS**.

16b. If your business is a **sole proprietorship**, check if any of the following received wages from you.

- | | |
|---|--|
| <input type="radio"/> Father | <input checked="" type="radio"/> Child under 18 - birthdate: <u>5/1/86</u> |
| <input type="radio"/> Mother | <input type="radio"/> Child under 18 - birthdate: _____ |
| <input checked="" type="radio"/> Spouse | <input type="radio"/> Child under 18 - birthdate: _____ |

17. In how many weeks of 2002 have you had employees either full or part-time? **DO NOT INCLUDE ANY PERSON FROM THE ABOVE PERMITTED EXCLUSIONS.** Please count the weeks in which your employees actually worked, not the weeks in which they were paid. A week is considered to be from Sunday through Saturday.

- A. Enter the exact number of weeks through the date you are filling out this form. 12
- B. If you have had 20 weeks, enter the week-ending date of the 20th week. _____
- C. Enter the number of employees. 1

18. Did you have 20 weeks in 2000 or 2001 in which at least one employee worked full or part-time? **DO NOT INCLUDE ANY PERSON FROM THE ABOVE PERMITTED EXCLUSIONS.** Count the exact number of weeks that your employee worked, not when they were paid.

- 2000 ☐ YES ☒ NO If yes, week ending date of the 20th week: _____
- 2001 ☐ YES ☒ NO If yes, week ending date of the 20th week: _____

19. Enter your gross quarterly payrolls below. Include all wages paid through the date that you complete this report. Do not estimate the amount of wages you expect to pay in the future. Show wages paid only for work performed solely or primarily in Wisconsin. **DO NOT ENTER THE WAGES OF WISCONSIN RESIDENTS WHO WORK ENTIRELY OUTSIDE OF WISCONSIN. DO NOT INCLUDE WAGES PAID TO PERSONS FROM THE ABOVE PERMITTED EXCLUSIONS.**

	1st QTR. JAN.-MARCH	2nd QTR. APRIL-JUNE	3rd QTR. JULY-SEPT.	4th QTR. OCT.-DEC.
2000				
2001				<u>\$1,000.00</u>
2002	<u>\$4,000.00</u>			

20. Name and address of financial institution through which you will maintain your business checking account.

Name Street Address City/State Checking Account Number

Cheesemaker Bank 1 Cheese St. Anywhere, WI 55555-5555 999000999000

Your signature indicates this report is true and complete to the best of your knowledge.

Signature <u>John Q. Public</u>	Position <u>Owner</u>
Please print name of above signature: <u>John Q. Public</u>	Date Signed <u>4/1/2002</u>

CONTINUED ON NEXT PAGE →

LABOR MARKET INFORMATION - LMI

Return to: Department of Workforce Development
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707-7942

UI ACCOUNT NUMBER

123456-000-1

For questions on this page, call (608) 266-1044

▼ COMPLETE THIS AREA IF INFORMATION
AT LEFT IS INCORRECT OR INCOMPLETE. ▼

Legal Name

John Q. Employer

Trade Name (DBA)

Acme Widgets

Mailing Address (c/o if required for correct delivery)

Street or P.O. Box

1 Capitol St.

City

Anywhere

State

WI

Zip Code

55555-5555

1. Do you currently have another business activity covered under the Wisconsin Unemployment Insurance (UI) Law?

☐ YES ☒ NO If "YES," business name:

UI Account No.:

2. Name/Title of Contact Person for Additional Information

John Q. Employer

Telephone Number

(000) 000-0000

Business Telephone if Different

()

3. Briefly Describe Your Business Activity

CHECK ONE:	GENERAL INDUSTRIES:	TRUCKING:	SPECIAL TRADES:	CONSTRUCTION:
<input type="checkbox"/>	Agriculture	<input type="checkbox"/>	Trucking Except Local	<input type="checkbox"/>
<input type="checkbox"/>	Communications	<input type="checkbox"/>	Local Trucking Without Storage	<input type="checkbox"/>
<input type="checkbox"/>	Finance	<input type="checkbox"/>	Local Trucking With Storage	<input type="checkbox"/>
<input type="checkbox"/>	Fishing	<input type="checkbox"/>	Courier Service, Except by Air	<input type="checkbox"/>
<input type="checkbox"/>	Forestry	<input type="checkbox"/>	Masonry	<input type="checkbox"/>
<input type="checkbox"/>	Insurance	<input type="checkbox"/>	Painting	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Manufacturing	<input type="checkbox"/>	Plumbing	<input type="checkbox"/>
		<input type="checkbox"/>	Other (specify):	<input type="checkbox"/>

Is the establishment primarily engaged in performing services for other units of the company? ☐ YES ☒ NO If "YES" indicate nature of activity:☐ Central Administrative Office ☐ Research, Development, or Testing ☐ Storage (warehouse) ☐ Other (specify) _____**COMPLETE - PART I - PROVIDE PHYSICAL LOCATION**Enter your **PHYSICAL LOCATION** for each **WISCONSIN** establishment(s). Attach additional sheets if more space is needed. (If activities vary for the separate establishments, please provide product or activity information for these units on a separate sheet.)

Street Address (please, no Route # or P.O. Box)	Township	Village	City	County	Zip Code	# Employees
1 Capitol St.			Anywhere	Anywhere	55555	1

COMPLETE - PART II - PRODUCT OR ACTIVITY REPORT

1. Principal Products or Activities During Most Recent Calendar Year (list items separately)	Percent of Total Sales During this Period	Principal Materials Used (for each product listed)	Was material used produced in this establishment?	
			YES	NO
A. MANUFACTURING (specify below)				
Widgets	100%			
B. NONMANUFACTURING (specify below)		Comments:		

MEMORANDUM ON EMPLOYER LIABILITY **EXAMPLE 1** Page 4

I. ARE YOU AN EMPLOYER LIABLE UNDER THE WISCONSIN UNEMPLOYMENT INSURANCE ACT?

CONTINUED

A. An employer is required to comply with the payroll tax provisions of the Wisconsin UI Law on all coverable Wisconsin payroll:

1. Retroactive to January 1 of a calendar year if the employer:
 - (a) Paid or incurred a liability to pay wages for employment in Wisconsin which totaled \$1,500 or more during any calendar quarter in either that year or the preceding year, or
 - (b) Employed one individual (full or part-time and not necessarily the same person) in each of 20 or more calendar weeks in Wisconsin either that year or the preceding calendar year; or
2. Retroactive to the first Wisconsin payroll of a calendar year, if the employer is subject to the Federal Unemployment Tax on its total payroll in all states; or
3. Effective as of the date an employer acquires all or some portion of a business already covered by the statute. Not all business transfers result in a mandatory successorship. The statutes require that both the transferor (seller) and transferee (buyer) give notice of any business transfer within 30 days of the transfer date. Appropriate information and forms will be provided after notice is received.

II. PART-TIME WORKERS, PAID CORPORATE OFFICERS, AND COMMISSION PAID SALES PERSONS ARE EMPLOYEES

"Wages" means any form of remuneration for a given period. It is immaterial whether wages are paid on any hourly basis, fixed salary per payroll period, on a commission basis, piecework or job arrangement, or by payment in kind (board, room or merchandise). An employer operating more than one business under the same legal ownership must combine payrolls and employment for purposes of determining employer liability and reporting tax liability under this statute.

III. 2002 INITIAL TAX RATES

The tax rate for new employers engaged in business in the construction industry in 2002 is 3.75%. The rate for other new employers is 3.05%. Taxes are assessed on the first \$10,500 in wages paid each employee within a calendar year.

Tax due dates for new employers vary according to the date liability is incurred. The latest due date for 2002 taxes is January 31, 2003. If you do not have appropriate forms to establish compliance by January 31, 2003, be certain to send your check in payment of taxes by that date. Penalties may then be avoided for at least the fourth quarter, and possibly for other quarters, depending on the date liability was incurred. Forms for processing your tax payment will then be sent.

IV. INDEPENDENT CONTRACTORS

Under Section 108.02(12) of the Wisconsin Unemployment Insurance Law an independent contractor is someone who meets 7 of the following 10 criteria:

- A. The individual holds or has applied for an identification number with the federal Internal Revenue Service.
- B. The individual has filed business or self-employment income tax returns with the federal Internal Revenue Service based on such services in the previous year or, in the case of a new business, in the year in which such services were first performed.
- C. The individual maintains a separate business with his or her own office, equipment, materials and other facilities.
- D. The individual operates under contracts to perform specific services for specific amounts of money and under which the individual controls the means and methods of performing such services.
- E. The individual incurs the main expenses related to the services that he or she performs under contract.
- F. The individual is responsible for the satisfactory completion of the services that he or she contracts to perform and is liable for a failure to satisfactorily complete the services.
- G. The individual receives compensation for services performed under a contract on a commission or per-job or competitive-bid basis and not on any other basis.
- H. The individual may realize a profit or suffer a loss under contracts to perform such services.
- I. The individual has recurring business liabilities or obligations.
- J. The success or failure of the individual's business depends on the relationship of business receipts to expenditures.

Note: These provisions do not apply to trucking or logging industry employers.

V. PERMITTED EXCLUSIONS

In determining employer liability, individuals employed in types of employment listed below are permitted as deductions (as excluded employment) from the count of employees. Wages paid to individuals in excluded employment should be deducted from quarterly payrolls.

- A. Agricultural labor - unless performed for an employer subject to this chapter (i.e., any employer who paid cash wages for agricultural labor which totaled \$20,000 in any calendar quarter of the current or preceding year or employed as many as 10 persons in agricultural labor for some portion of a day in 20 different weeks of the current or preceding year).
- B. Domestic service in the employer's private home - unless performed for an individual subject to this chapter on domestic employment (i.e., any employer of any individual in domestic service who paid cash wages of \$1,000 or more in any calendar quarter of either the current or preceding calendar year).
- C. Persons (under the age of 18) selling or distributing newspapers or magazines on the street or from house to house.
- D. Individuals covered by the Railroad Unemployment Insurance Act.
- E. Crews of commercial fishing vessels of 10 net tons or less.
- F. Insurance or real estate salespeople paid by commissions only.
- G. Unpaid officers of a corporation or association.
- H. Individuals employed entirely outside of Wisconsin. (Some minor exceptions.)
- I. Any person earning less than \$50 in a calendar quarter in the employ of an organization exempt from federal income tax under S.501(a) of the Internal Revenue Code.
- J. A sole proprietor's father, mother, spouse, or any of his/her children under the age of 18.
- K. Service performed by a full-time student as a formal and accredited part of a work-study program certified to the employer by the school.
- L. Individuals paid solely by commissions, overrides, bonuses or differentials derived from in-person sales primarily in the consumer's home.

D. Time Limit on Liability

Historically, this department has placed a limit on the retroactive period used to establish an employer's status and contribution liability. In line with this policy, only the current year and the two preceding calendar years are used if no evidence of fraud or abuse exists.

E. Reimbursement Financing

Governmental units, certain nonprofit organizations, and Indian Tribes can choose between the tax and reimbursement methods of financing unemployment benefit costs. (Only nonprofit organizations with a ruling of an IRS Code 501(c)(3) status can elect reimbursement financing.) Tax financing employers pay a quarterly unemployment tax on the wages paid to their employees. Reimbursement financing employers do not pay a quarterly tax, although they must still file the quarterly tax and wage reports. Instead, they reimburse the department for 100% of the unemployment benefits charged to their account. Billing notices, that show all benefits charged to the employer's account, are sent on a monthly basis to employers electing reimbursement financing.

Accounts for nonprofit organizations are normally set up on the tax financing method but reimbursement financing can be elected. Accounts for governmental units are initially set up on the reimbursement financing method but tax financing can be elected.

Indian tribes are normally set up on the tax financing method but as of 1/1/2002 they can now elect reimbursement financing as of the beginning of any calendar year. The Indian tribes electing reimbursement financing are required to file an assurance of reimbursement.

Nonprofit employers electing reimbursement financing must file an assurance of reimbursement with the department. The assurance can be in the form of a surety bond, letter of credit,

certificate of deposit, or any other nonnegotiable instrument of fixed value.

The employer's original assurance has to cover the 5-year period starting from the beginning of the year in which the employer's reimbursement financing election takes effect. The amount of the assurance must be at least equal to 4% of the employer's taxable wages for the past calendar year. The adequacy of the assurance amount is redetermined every other year. If the employer ceases business or converts to tax financing, the assurance must remain in effect for up to 2 1/2 years to cover the period of benefit claim liability. At the end of this period, the assurance is returned to the employer.

When a governmental unit, nonprofit organization, or Indian Tribe chooses to convert to reimbursement financing, the positive or negative balance in their tax account remains in the Unemployment Reserve Fund and is transferred to the Fund's balancing account.

A government unit, nonprofit organization, or Indian Tribe interested in obtaining further information about reimbursement financing should contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:
<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

2 COVERED AND EXCLUDED EMPLOYMENT

A. Employee vs. Independent Contractor

Wisconsin's Unemployment Insurance Law defines the term "employee" differently for individuals who provide services in the trucking or logging industry and individuals working for government units and nonprofit organizations from individuals working in other industries.

1. **Trucking, Logging, Government Unit or Nonprofit Organization.** An individual working as a logger or trucker or providing services to a government unit or nonprofit organization will be considered an employee unless:
 - a. The individual is free from the employing unit's direction and control, not only under the terms of any written contract, but also in the day-to-day performance of such services. The individual must be free from your direction and control in regard to the details of when, where, and how their services are performed. In addition, although an employer can determine what the desired end results are, you cannot control the details of how the worker accomplishes those results. If you have the right to direct and control the logger or trucker, even if you never exercise that right, the individual is an employee and not an independent contractor.
 - b. The services have been performed in an independently established trade, business or profession in which the individual is customarily engaged. Generally this means that the logger or trucker has an investment from which he/she may realize either a profit or a loss. In addition, the individual alone must have the right to sell or give away that business investment.
 - c. See DWD 105 (Relationship Of Carriers And Contract Operators) and DWD 107 (Employment Relationships

In The Logging Industry) for additional details.

Unless both of the above conditions are met, the logger, trucker or individual providing services to a government unit or nonprofit organization is an employee and not an independent contractor.

2. **Others.** As of January 1, 2000, there are no mandatory criteria. An individual must satisfy at least 7 of the following 10 criteria to be considered an independent contractor.
 - a. The individual must either have or have applied for a Federal Employer Identification Number (FEIN).
 - b. The individual must have filed federal self-employment or business tax returns in the previous year based on the type of service they're providing to the employing unit or, in the case of a new business, in the year in which such services were first performed.
 - c. The individual must maintain a separate business with his/her own office, equipment, materials and other facilities. Does the worker have what is needed or essential to do their job or are essentials provided by the employing unit? Consider the type of business when determining what business assets are reasonable to expect the individual to have. For instance, it would be reasonable to expect that a machinist would have tools and equipment and a facility other than his/her home from which to work. It would not be as likely that a computer consultant would have a facility other than an office in his/her home but a computer, modem, and fax would be essential.
 - d. The individual must operate under contracts to perform specific services for specific amounts of money and under which the individual controls the means and method of performing the

services. An agreement between the worker and the employing unit is a contract, whether that agreement is oral, written, or limited to the practices followed. An employing unit may direct what should be done by an independent contractor, but the individual should determine how to accomplish the job.

- e. The individual should incur the main expenses related to the services being performed. If expenses are reimbursed by the employing unit, it is unlikely that the individual will meet this criterion.
- f. The individual is responsible for the satisfactory completion of the services and is liable for failure to satisfactorily complete the services. If rework is necessary, will the worker be required to perform the work at no additional cost to the employing unit? If the work is not completed according to contract, can the employing unit sue for breach of contract? An independent contractor is most likely responsible for completing the job to the satisfaction of the employing unit.
- g. The individual receives compensation for services performed on a commission or per job or competitive bid basis and not on any other basis. An individual paid strictly by the hour would not meet this requirement unless the hourly rate is part of a bid or per job agreement.
- h. The individual must be able to realize a profit or suffer a loss under contracts to perform services. If the worker has expenses that may exceed income, this criterion would be met. This would be true, for example, if an individual underbid and material costs exceeded money received for the job.
- i. The individual has recurring business liabilities or obligations. If the worker has liabilities that continue whether or not he/she has customers, this item would be met. Some examples of

liabilities are lease payments, insurance, advertising, professional fees, rent, and interest.

- j. The success or failure of the individual's business depends on the relationship of business receipts to expenditures. If success or failure of the worker's business depends on something else, such as a single source supplier or a single employing unit's sales license, this requirement is not met.

Under current law, it is incumbent on the employing unit to satisfy the Department that at least 7 of the 10 items are met in order to consider the worker an independent contractor. The Department will work with both the employing units and the individual to gather the necessary information. However, it is ultimately the employing unit's responsibility to respond to the Department.

If you have questions regarding the independent contractor provisions of the law, contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, and hearing or speech-impaired callers may reach us through WI TRS.

B. Employment Excluded by Statute

Individuals who meet the statutory definition of employee but who perform certain types of services are specifically listed or designated as not performing covered employment. The result is that their wages are not reportable/taxable (unless they are taxable under FUTA) nor will they be entitled to receive UI benefits based on those wages. The following excluded employment is grouped by types of employers that are entitled to the exclusion for UI tax purposes:

1. For All Employers:

- a. Service performed by an individual who is enrolled at a nonprofit or public educational institution, which combines work experience with academic instruction in a full-time program for credit at the institution (work/study student);
- b. Service performed as a student nurse, medical intern or patient in the employ of a hospital; or
- c. Service performed in any calendar quarter in the employ of an organization exempt from federal income tax under section 501(a) of the Internal Revenue Code, other than an organization described in Section 401(a) or 501(c)(3) or Section 521, if the payment for such service is less than \$50.00 in a calendar quarter (e.g., officer of fraternal organization or labor union with wages of less than \$50.00 in a calendar quarter).
- d. Service by a nonresident alien for the period he or she is temporarily present in the United States as a nonimmigrant if the nonresident alien has F, J, M or Q visas. The spouse and children of the nonresident aliens are also excluded.
- e. Services provided to recipients of medical assistance by an individual who is not an employee of a home health agency if the service is:
 1. Private duty nursing service or part time intermittent care for which medical assistance is available as a covered service provided by an individual certified by the Department of Health and Family Services as a nurse in independent practice or as an independent nurse practitioner; or
 2. Respiratory care service for ventilator dependent individual for which medical assistance is available as a covered service, provided by an individual who is certified by the Department of Health and Family Services as a provider of respiratory service in independent practice.

2. For All Employers Except Government Units and Nonprofit Organizations:

- a. Service performed by an individual in agricultural labor if the employer is not subject to the general agricultural coverage conditions (see Part 1: "ESTABLISHING COVERAGE");
- b. Service as a domestic in the employ of an individual in that individual's private home if the employer is not subject to the general domestic coverage conditions (see Part 1: "ESTABLISHING COVERAGE");
- c. Service as a caddy on a golf course;
- d. Service as an individual selling or distributing newspapers or magazines on the street or from house to house, unless covered under the Federal Unemployment Tax Act;
- e. Service covered under the Federal Railroad Unemployment Insurance Act;
- f. Service as an insurance agent or real estate salesperson working solely on a commission basis;
- g. Service as an unpaid corporate or association officer;
- h. Service by an individual employed entirely outside Wisconsin;
- i. Service by a sole proprietor's father, mother, spouse or by a son or daughter, or by a child or stepchild if legally adopted, under the age of 18 for his or her parents. This does not apply to a corporation and only applies to a partnership if the relationship of the exempt employee is excludable for all partners;
- j. Service as a court reporter paid on a per diem basis;
- k. Service performed by an individual paid solely by commissions, overrides, bonuses or differentials directly derived from in-person sales of consumer products primarily in the home;

- l. Maritime service excluded from coverage under the Federal Unemployment Tax Act; or
 - m. Service by an individual leasing a taxicab if:
 - (1) The individual retains the income earned through use of the taxicab under the lease;
 - (2) The individual receives no direct compensation from the lessor under the lease; and
 - (3) The amount of the lease payment is not contingent on the income generated by the use of the taxicab.
3. For Government Units and Nonprofit Organizations:
- a. Service by an individual under a work relief or work training project financed by state or federal funds, unless coverage is required as a condition in the state or federal program;
 - b. Service by an individual receiving rehabilitation through a rehabilitation program; or
 - c. Service by an inmate of a custodial or penal institution.
4. For Nonprofit Organizations Only:
- a. Service in the employ of a church or convention or association of churches;
 - b. Service in the employ of an organization operated primarily for religious purposes and operated, supervised, controlled or principally supported by a church or convention or association of churches; or
 - b. Service by a duly ordained, commissioned or licensed minister of a church in the exercise of such ministry or by a member of a religious order in the exercise of duties required by the order.
5. For Government Employers Only:
- a. Service of an official elected by vote of the public;
 - b. Service as an official appointed to fill part or all of the unexpired term of a vacant position normally filled by election;
 - c. Service as a member of a legislative body or judiciary of a state or political subdivision;
 - d. Service as a member of the Wisconsin National Guard in a military capacity;
 - e. Service solely on a temporary basis in case of fire, storm, snow, earthquake, flood or similar emergency; or
 - f. Service in a position designated as a major nontenured policy or advisory job, or in a position designated as a policy or advisory position not normally requiring service of more than 8 hours per week.
6. For Educational Institutions Only:
- a. Service for an educational institution by a student enrolled and regularly attending classes at the institution; or
 - b. Service by the spouse of a student working under a program to provide financial assistance to the student if written notice is given at the start of employment that it is not covered for unemployment insurance.
- C. Employment Excluded by Employer Election
- The employment exclusions that follow are optional. You must make an election to exclude this employment and must meet the specified criteria before the election will be approved.

1. Corporate Officer Exclusion

Section 108.02(15)(L) allows small employers to elect to exclude the wages of all principal corporate officers provided that they have a direct or indirect ownership interest in the corporation.

The result is that you are not required to report the wages or pay state UI taxes on the wages of corporate officers who own or control 25% or more of the business. These excluded officers will not be entitled to draw UI benefits.

Criteria which must be met:

- The corporation must file an Election to Exclude All Principal Officers, Form UCT-7937 (see Example 2). This must be filed by March 31 of the year you're requesting to elect out of coverage. In the case of new employers, it's due when the first quarterly report is due.
- The corporation must be a small employer. Annual taxable payroll must be \$500,000 or less for the calendar year proceeding the year of election.
- The principal officer(s) must have a direct or indirect substantial ownership interest in the corporation. An officer has direct or indirect substantial ownership if one-fourth (25%) of the ownership interest is owned or controlled by the officer.
- The department will issue an Initial Determination, approving or rejecting the election, based upon the criteria above. The election remains in effect as long as the conditions are met or until you reelect coverage of wages for the corporation's officers. Once you reelect coverage, you cannot again elect the Corporate Officer Exclusion.
- **It is not always beneficial to elect the Corporate Officer Exclusion. The Federal Unemployment Tax Act**

(FUTA) does not recognize this exclusion and therefore, since no state UI tax has been paid on the officers' wages, you pay the full 6.2% FUTA tax on the excluded officers' wages.

However, if other employees are on your payroll in addition to excluded corporate officers and their wages exceed \$7,000, "credits" are generated which may offset the additional FUTA tax on the excluded officers.

See Example 3, UCT-8055, to help you determine if a savings will be realized.

For further information, please contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

2. Seasonal Employer Designation

Certain employers may elect to be designated as Seasonal Employers. Ultimately, this could result in a lower tax rate. Seasonal employees may not be eligible to collect UI benefits, but wages would still be reported and taxes would continue to be paid on these wages. As a seasonal employer, you would also pay an additional 2% solvency tax on all of your taxable payroll for the calendar year, to a limit of the maximum rate in effect for the calendar year.

Criteria which must be met:

- You must file an Election for Seasonal Employer Designation, Form UCT-9315, by May 31 of the year prior to the year you're requesting your designation as a seasonal employer to begin. (see Example 4)
- You must be in a tourism, recreational or tourist service, agricultural production, agricultural services, forestry, commercial fishing, hunting or trapping industry (DWD 147, Wis. Administrative Code).
- You must customarily operate during two calendar quarters within a year. These two quarters are regarded as the season.
- At least 75% of the wages you pay must be for work performed during the two seasonal quarters.
- You are not delinquent in making any UI reports/payments. We will examine the application and issue a determination by June 30 as to your seasonal status. We also examine each seasonal employer every year to determine if the above conditions continue to be met.

When designated as a Seasonal Employer:

The employment **IS** excluded (for benefit purposes) and no benefits are allowed **IF**:

1. The worker received written notice before performing any services that their work may be considered excluded employment for UI purposes;
2. You've employed the worker for less than 90 days during any season which includes a portion of the worker's base period; and
3. The worker has not earned \$500 or more during his/her base period from another employer, which is covered

by the UI law of any state or federal UI law.

Charging of UI Benefits:

1. Your account is charged if the worker worked for you 90 days or more (regardless of outside earnings).
2. Your account is not charged if the worker worked for you less than 90 days and had outside earnings of \$500 or more.

To obtain an election forms or for further information, please contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

D. Tax vs. Benefit Exclusion

Work for an employer may be covered for UI tax purposes even though it is excluded for benefit purposes (e.g., work for designated seasonal employers). However, work excluded for tax purposes is generally excluded for benefit purposes. (Refer to the chart, Employment that is Excluded for Benefit Purposes, in Section 1, Part 7, F. for a summary comparison.)

EXAMPLE 2

ELECTION TO EXCLUDE PRINCIPAL OFFICERS FROM COVERAGE UNDER WISCONSIN'S UNEMPLOYMENT INSURANCE ACT Chapter 108, Wis. Stats.

State of Wisconsin
Department of Workforce Development
Mailing Address:
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707-7942
Fax: (608) 267-1400

Personal information you provide may be used for secondary purposes [Privacy Law, s. 15.04 (1)(m)]

Pursuant to Section 108.025, Stats. the following named corporation:

Business Name	WI UI Account Number
---------------	----------------------

elects, effective as of January 1, _____, to exclude from coverage under Wisconsin's Unemployment Insurance Law all of their principal officers, i.e., president, vice-president(s), secretary, and treasurer, who have a direct or indirect substantial ownership interest in the corporation.

The undersigned certifies that the corporation's payroll for the calendar year proceeding the effective date of this election was \$500,000 or less. It is further certified that the principal officers of the corporation, covered by however designated or evidenced, in the corporation that is owned or controlled, directly or indirectly, by each of said officers. It is further certified that the corporate officer signing this election has the authority to act on behalf of the corporation.

It is expressly understood that this election, when approved by the Department of Workforce Development, will remain in effect for subsequent calendar years if the electing corporation's payroll remains at \$500,000 or less for successive calendar years and the principal officers covered by this election retain a one-fourth or more ownership interest in the corporation as outlined above.

The corporation will receive an Initial Determination advising the status of this election.

Submitted for the Corporation on this Date	Signed By
Telephone Number ()	Title

Section 108.025

"Employment" includes an individual's service for an employer organized as a corporation in which the individual is a principal officer, as defined in Section 108.025, and has a direct or indirect ownership interest, except that if an employer having an annual payroll of \$500,000 or less for the calendar year preceding an election files a notice of election, in that manner prescribed by the department, to exclude the service of all of its principal officers who have a direct or indirect substantial ownership in the corporation, "employment" does not include the service of these officers. An employer which files an election under this paragraph may reelect coverage of its principal officers under this subsection by filing a notice of reelection with the department. An employer which reelects coverage of its principal officers is not eligible to file a notice of election of noncoverage under this paragraph. To be effective for a calendar year, an employer shall file a notice of election or reelection not later than March 31 of that year. Newly subject and successor employers have until the due date of their first quarterly report to elect the corporate officer exclusion. An election is effective for each calendar year until the employer files a timely notice of reelection. A principal officer has a direct or indirect substantial ownership interest in a corporation under this paragraph if one-fourth or more of the ownership interest, however designated or evidence, in the corporation is owned or controlled, directly or indirectly, by the officer.

UCT-7937 (R. 05/2001)

EXAMPLE 3

NOTICE FOR CORPORATIONS

State of Wisconsin
Department of Workforce Development
Mailing Address:
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707-7942
Fax: (608) 267-1400

Personal information you provide may be used for secondary purposes [Privacy Law, s. 15.04 (1)(m)]

Certain corporations may elect to exclude qualified corporate officers from "employment" under Wisconsin's Unemployment Insurance (UI) Law. Their wages would neither be subject to state UI contributions (taxes) nor usable for any UI benefit purpose.

A corporation may exclude principal corporation officers effective as of January 1, 2002, if all the following conditions exist.

1. The corporation had a total UI taxable payroll for 2001 of \$500,000 or less.
2. An election to exclude eligible corporation officers is filed by **March 31, 2002**. (Special Note: New and successor employers have until the due date of their first quarterly report to file the application for exclusion.)
3. The election covers all principal officers (president, vice president(s), secretary and treasurer) who have one-fourth or more ownership interest in the corporation.

Please read the statutory provisions on the bottom half of this sheet.

Since paid corporation officers' wages are subject to tax under the Federal Unemployment Tax Act (FUTA), it may not be financially advantageous for some corporations to exclude their wages from taxation under Wisconsin's UI Law. The FUTA tax is initially a 6.2% tax on the first \$7,000 paid each employee within a calendar year. Employers receive a 90% offset credit against this 6.2% tax for contributions paid timely under a state UI law. Where sufficient offset credit is available, the resulting net FUTA tax is 0.8%. If the exclusion is elected, employers pay the full 6.2% FUTA tax on the corporate officer wages. **You will receive an Initial Determination advising you of the status of your election.**

Qualifying corporations can complete the worksheet on the reverse side and estimate their total state and federal UI taxes with the exclusion and without the exclusion. **Corporations that elected to take this exclusion in the past do not have to make another election. You should review your account each year to be sure the election is still saving you money. If you wish to rescind the election, please send us a letter to that effect by March 31.**

A corporation wishing to elect this exclusion can obtain the election form and/or further information by writing the Employer Service Team, P.O. Box 7942, Madison, WI 53707-7942, or telephoning the unit at (608) 261-6700 or FAX (608) 267-1400. Completed election forms should be submitted to the P.O. Box address. Division of Unemployment Insurance internet address is: <http://www.dwd.state.wi.us/ui/>

Section 108.025 provide the following:

"Employment" includes an individual's service for an employer organized as a corporation in which the individual is a principal officer, as defined in Section 108.025, and has a direct or indirect ownership interest, except that if an employer having an annual taxable payroll of \$500,000 or less for the calendar year preceding an election files a notice of election, in that manner prescribed by the department, to exclude the service of all of its principal officers who have a direct or indirect substantial ownership in the corporation, "employment" does not include the service of these officers. An employer which files an election under this paragraph may reelect coverage of its principal officers under this subsection by filing a notice of reelection with the department. An employer which reelects coverage of its principal officers is not eligible to file a notice of election of noncoverage under this paragraph. To be effective for a calendar year, an employer shall file a notice of election or reelection not later than March 31 of that year. Newly subject and successor employers have until the due date of their first quarterly report to elect the corporate officer exclusion. An election is effective for each calendar year until the employer files a timely notice of reelection. A principal officer has a direct or indirect substantial ownership interest in a corporation under this paragraph if one-fourth or more of the ownership, however designated or evidenced, in the corporation is owned or controlled, directly or indirectly, by the officer.

UCT-8055 (R. 12/2001)

EXAMPLE 3 - CONTINUED**WORKSHEET - CORPORATE OFFICER EXCLUSION**

INSTRUCTIONS: Complete the chart below using estimated 2002 payroll figures to illustrate the effect of excluding corporate officer wages on your total state and federal unemployment costs. **This is only one year's payroll and results could vary in subsequent years.** You may have other tax concerns to consider when making your decision.

***NOTE:** The figures you show in lines 1, 2 and 3 will be the same for both Column A and B since the exclusion of paid officers' wages is not allowed under the Federal Unemployment Tax Act (FUTA).

USE PAYROLL FIGURES (estimated 2002)	COLUMN A (without exclusion)	COLUMN B (with exclusion)
1. Payroll subject to FUTA (include only first \$7,000 of any employee's wages)		*
2. FUTA Tax (6.2% time line 1)		*
3. Maximum FUTA Credit Potentially Available (5.4% times line 1)		*
4. Payroll subject to WI UI Tax (include only first \$10,500 of any employee's wages)		
5. Your 2002 WI UI Tax Rate		
6. WI UI Tax (line 4 times line 5)		
7. FUTA Credit for "implied" Payment of State UI Taxes (5.4% times line 4)		
8. Total FUTA Credit (higher of line 6 or 7, but not more than line 3)		
9. Net FUTA Tax (line 2 minus line 8)		
10. Total State UI and FUTA Taxes (line 6 plus line 9)		

EXAMPLE 4

**ELECTION FOR SEASONAL EMPLOYER DESIGNATION
UNDER WISCONSIN'S UNEMPLOYMENT COMPENSATION ACT
CHAPTER 108, WIS. STATS.**

Pursuant to Section 108.066 stats., the following named employer:

_____ Business Name _____ UC Account Number _____

elects, effective as of January 1, 19____ to be designated a seasonal employer under Wisconsin's Unemployment Compensation Law.

The undersigned certifies that at least 75% of the wages paid during the previous calendar year were paid for work performed during no more than two (2) quarters

It is further certified that the person signing this election has the authority to act on behalf of the employer.

It is expressly understood that this election, when approved by the Department of Industry, Labor and Human Relations, will remain in effect for subsequent calendar years if the employer continues to qualify as a seasonal employer. The employer may also withdraw the election for a subsequent calendar year with written notice to the department by May 31 of the current year.

The Employer will receive an Initial Determination advising the status of this election or if any change in the election status is made.

Date submitted for the Employer _____

Signed by _____, _____ (Title)

Telephone Number (_____) _____.

3 TAXABILITY OF WAGES

A. Definition of Wages

"Wages" means every form of payment directly or indirectly payable by an employing unit to an individual for personal services. This includes salaries, commissions, vacation pay, dismissal pay, bonuses, tips, certain fringe benefits, and payments in kind and any other similar advantage received from the employing unit, whether paid directly or indirectly. It may also include rent, housing and meals. Tips are only taxable to the extent declared in writing (accounted for) by the employee to the employer.

Wisconsin adopted the federal definition of wages for UI tax purposes as of 1/1/93 with two exceptions:

- To determine initial coverage of an agricultural entity, only cash wages are considered. However, once covered, the employer must include all cash and non-cash payments for agricultural labor as wages.
- The value of employee achievement awards (that is compensation for services) is included as wages.

Report wages in the calendar quarter in which they are paid or constructively paid. Constructive payment occurs when your employee has the option of receiving payment but instead chooses to defer payment.

B. Fringe Benefits

1. Deferred Compensation

Taxable:

- 401(k) Salary Reduction Agreement amount.
- Discretionary Contribution. When your employee has an option to take a portion of the employer-paid contribution in cash, that portion,

whether taken in cash or left in the fund, is considered to be constructively received.

- Compensation deferred under Nonqualified Plans
- Payments from non-qualified plans are taxable as of the later of the date the services are performed, or the date there is no substantial risk of forfeiture of the rights to such amount. Generally the amount deferred will be taxable when paid, unless it can be shown that there is no longer a substantial risk of forfeiture (i.e., the employer has set the deferred amount aside in a separate account or fund established in the worker's name).

Not Taxable:

- Discretionary Contribution. This is an employer contribution to your employee's account out of company profits, when the amount is not available to your employee until separation.
- Payments made to a 401(a) qualified trust, except for payments made to or from a 401(a) trust which is administering the 401(k) plan.

2. Section 125(b) (Cafeteria Plans)

Taxable:

- Acceptance of cash payment (cash option) in lieu of participation in the 125(b) plan is taxable.
- Unexpended amounts paid to employees at year-end are taxable.
- 401(k) Salary Reduction Agreement amount

Not Taxable:

- Premium Only Plan. Your employee pays for particular benefits with pre-tax dollars through a salary reduction agreement. There is an option not to join the plan (cash option).

- Premium and Flexible Spending Account. You deduct pre-tax dollars through a salary reduction agreement to pay for employee selected benefits, based on your employee's estimate of charges. Any unexpended monies revert to you, the employer. There is an option not to join the plan (cash option).
- Cafeteria Plan. You provide your employee with a fixed amount to purchase benefits. Money expended for these benefits is treated as pre-tax. There is an option not to join (cash option).

3. Sickness or Disability Pay

- Sickness or accident disability payments may be made under a plan or system you established which makes provisions for your employees and their dependents generally or, perhaps less commonly, they may be made more informally or only to certain employees.
- Sickness or accident disability payments which are made to your employee or any of his/her dependents (directly or through a third-party payer) during the first six months starting after the last calendar month the employee worked for you, are reportable/taxable as wages for UI contribution purposes.
- Worker's Compensation payments made to your employee or any of his/her dependents are not taxable for UI contribution purposes.
- Sickness or accident disability payments provided by a third party insurer, but financed by employer and employee premiums, are taxable only for the portion financed by employer-paid premiums. (Employer payments on behalf of employees using

employee pre-tax dollars are considered employer payments.)

4. Employee Portion of FICA Taxes

- If the employer pays the employee portion of FICA taxes, it is taxable unless it's for domestic service in a private home or agricultural labor.

5. Payment in Kind

Compensation paid in any form is taxable wages (unless specifically excluded, such as expense reimbursements or employee moving expenses). Some common types of payment in kind are; housing, meals, merchandise discounts, transportation, employee contest prizes, personal use of a company car and club memberships. This list is not all-inclusive.

The tax status of the following types of payment in kind changed effective January 1, 1993.

Meals and lodging may be nontaxable, but the following criteria must be met:

- a. It is furnished on behalf of the employer.
- b. It is for the convenience of the employer.
- c. It is on the employer's premises.
- d. Your employee is required to accept it as a condition of employment (lodging only).

Despite this general rule, all in-kind payments for agricultural labor remain taxable.

6. Value of Room and Meals

DWD 101 states for purposes of s.108.02(26) (wages), the employer shall value lodging and meals at the

actual value or, if the actual value is not available, the employer shall make a reasonable estimate of the value. If the actual value or reasonable estimate is not available, the department shall value lodging and meals as follows:

(1) Lodging	\$105.00 per week	or \$15.00 per day;	and
(2) Meals	\$86.00 per week,	\$12.30 per day or	\$4.10 per meal.

4 ACCOUNT REPORTING

A. Filing a Quarterly Report

Report all wages on a calendar quarter basis. Only the first \$10,500 in wages paid to each employee in the calendar year is taxed. Wages paid to each employee beyond the \$10,500 limit are reported as excluded from taxation on the UCT-101, Employer's Contribution Report form.

If you are subject to the Wisconsin UI Law you must file a quarterly report, Form UCT-101, even if you didn't have payroll in the quarter.

Contribution reports are due by the close of the month following the end of the calendar quarter.

The quarterly due dates are:

1st qtr. (Jan., Feb., Mar.) due April 30;
2nd qtr. (Apr., May, June) due July 31;
3rd qtr. (July, Aug., Sept.) due October 31; and
4th qtr. (Oct., Nov., Dec.) due January 31.

If your contribution report and/or payment is not postmarked by the due date, interest accrues on the delinquent taxes at the rate of 1.0% per month or fraction of a month.

We will mail you a report approximately one week before the end of the calendar quarter. Instructions for completing the report are included. **You will also find the Internet Access Number (1a.) on this form to enable you to submit your report on-line.** By using the internet your over base exclusions and taxes are computed for you. We encourage you to file using the internet. You can access the internet form at: <https://uiqtwrs.dwd.state.wi.us/qtwsrlogin/scripts/welcome.asp>.

B. Internet Tax and Wage Reporting

This web site is available 24 hours a day, 7 days a week for employers to file their Wisconsin Unemployment Insurance tax and wage report. Filing through this system will eliminate the need to file a paper report. A payment coupon will be provided to submit with

the tax due or payment can be made through ETF.

If you are an employer with more than 150 employees, you can file your quarterly UI tax report using this electronic system and can attach a file of your wage detail. If you have 150 or fewer employees, you can file both your quarterly UI wage and tax reports using this system. The web site address is <https://uiqtwrs.dwd.state.wi.us/qtwsrlogin/scripts/welcome.asp>

C. Zero Payroll Reporting Telephone System

Employers who do not pay wages during a quarter can file their quarterly contribution/wage report by calling (608) 261-4571. This eliminates the need to send us a paper report. The telephone system will prompt you for your UI account number and ask you to indicate the quarter and year you are reporting. You can only use this filing method if you paid no wages during the quarter.

When filing a zero report, you can also file an out-of-business report if applicable. After selecting the out-of-business option, the system states *"Your account will be set to an inactive status as of the first day of the most recent quarter reported"*, and all necessary transactions are processed to inactivate your account. This also eliminates the need to send a paper notification of your out-of-business status.

Detailed information on excluded employment is not included but can be found in this handbook (see Part 2: "COVERED AND EXCLUDED EMPLOYMENT") or under Section 108.02(15) of the UI Law "COVERED AND EXCLUDED EMPLOYMENT" or under Section 108.02(15) of the UI Law.

If you are in doubt about the correctness of claiming a particular exclusion, please contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:
<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
 Division of Unemployment Insurance
 P.O. Box 7942
 Madison, WI 53707
 or

Telephone: (608) 261-6700
 FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

D. Employer Agent Reporting Format

Beginning with the first quarter 2003 contribution report, employer agents who report for 25 or more employers are required to submit the reports electronically.

A \$25 penalty may be assessed for each employer report not filed electronically.

E. UCT-101A, Employer's Quarterly Contribution/Wage Report Form

The Examples 5-8 on the following pages show the 4 quarterly reports that would be filed by the employer illustrated in the example below. The numbered items on the Examples must be filled in as shown. Items 1 through 6 are filled in for you on the preprinted forms mailed to you each quarter.

Example 9 is a Contribution Report, which shows the line and spacing if you are setting up this form on your typewriter.

CHART:

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Employee A	\$4,500.00 ⁽¹⁾	\$4,500.00 ⁽⁶⁾	\$4,500.00 ⁽¹¹⁾	\$4,500.00 ⁽¹⁶⁾
Employee B	\$3,000.00 ⁽²⁾	\$3,000.00 ⁽⁷⁾	\$3,000.00 ⁽¹²⁾	\$3,000.00 ⁽¹⁷⁾
Total Covered (Gross) Wages	\$7,500.00 ⁽³⁾	\$7,500.00 ⁽⁸⁾	\$7,500.00 ⁽¹³⁾	\$7,500.00 ⁽¹⁸⁾
Exclusions Employee A	-0-	-0-	\$3,000.00	\$4,500.00
Exclusions Employee B	-0-	-0-	-0-	\$1,500.00
Less Exclusions (over \$10,500.00)	-0- ⁽⁴⁾	-0- ⁽⁹⁾	\$3,000.00 ⁽¹⁴⁾	\$6,000.00 ⁽¹⁹⁾
Employee A	\$4,500.00	\$4,500.00	\$1,500.00	-0-
Employee B	\$3,000.00	\$3,000.00	\$3,000.00	\$1,500.00
Defined (Taxable) Payroll	\$7,500.00 ⁽⁵⁾	\$7,500.00 ⁽¹⁰⁾	\$4,500.00 ⁽¹⁵⁾	\$1,500.00 ⁽²⁰⁾
The superscript numbers in the chart above correspond to the same superscript numbers on Examples 5 through 8.				

The following refers to the remaining items appearing on the Contribution/Wage Report (Examples 5 through 8) which are filled in by the employer.

Item 7 This is the number of employees who worked for you (full or part-time) during each of the three months. In the example shown on the form, the employer has 2 employees in each month for each quarter.

Item 8 Total covered wages are the combined total gross wages for all of your employees. In the example shown, the total gross wages for the employees are \$7,500.00 in each quarter. Employee A made \$4,500.00 in each quarter and Employee B made \$3,000.00 in each quarter.

Item 9 Exclusion for wages over \$10,500.00. You pay tax on the first \$10,500.00 of each employee's wages for the calendar year. In the Example, Employee A's earnings exceed \$10,500.00 during the third quarter and the excess (\$3,000.00) is reported as excluded wages on the contribution report for that quarter. Employee B's wages exceed \$10,500.00 during the fourth quarter.

The \$1,500.00 excess (\$3,000.00 each quarter for a total of \$12,000.00 less taxable wage base of \$10,500.00) and the total \$4,500.00 paid to Employee A during the 4th quarter is reported as excluded wages (\$6,000.00) on the fourth quarter Contribution/Wage Report.

Item 10 Defined (Taxable) Payroll. This figure is the difference between item 8 and item 9. In this example the total taxable payroll for the fourth quarter is \$1,500.00.

Item 11 Your rate is preprinted on the form as a decimal multiplier. In the example, the multiplier is .01 (1.0%).

Item 12 This is your contribution tax due for the quarter. Multiply item 10 by item 11. In the example, the tax due for the 4th quarter is \$15.00.

Item 13 If your report is received or sent after the quarterly due date, you must pay 1% per month interest on the tax due for the quarter from line 12. In the example, there is no interest due in any quarter.

Item 14 If your report is late and your wage report is also late, you must add a late filing fee for the late wage report. This fee is based on the number of employees and the schedule of fees is shown on the

reverse side of the actual report. In the example, there is no penalty due in any quarter.

Item 15 If you are paying an amount due from a previous bill, note that amount on this line and include in your payment. No previous bill is due in the example in any quarter.

Item 16 If we have notified you of an overpayment from a previous quarter, we will print that amount on this line and that amount can be subtracted from your tax due. If the credit is more than the amount due, you need not send a payment. In the example, there is a \$10.00 credit available on the first quarter report.

Item 17 Your total remittance amount should be noted on this line. If you have no payment due or your credit is larger than the tax due, enter -0-. In the example, the total remittance for the first quarter is \$65.00. (Item 12, \$75.00 less Item 16, \$10.00).

See following pages for examples of Form Quarterly Contribution/Wage Report UCT-101A.

F. Federal Employer Identification Number (FEIN)

The Wisconsin Quarterly Contribution/Wage Report, Form UCT-101A (see item 4 on Examples 5-9), shows the FEIN which we have in our computer records. If it is incorrect or missing, please provide the correct number to us on Form UCT-6491 (see Example 10), Account Change Information form (sent with the quarterly contribution/wage report). The account change form may also be found on our web site at <http://www.dwd.state.wi.us/ui/Admin/Forms/FormTitl.htm>.

101 QUARTERLY CONTRIBUTION/WAGE REPORT				01	
PLEASE TYPE THIS REPORT				EXAMPLE 5	
INSTRUCTIONS ON REVERSE SIDE					
1. U.I. ACCOUNT NUMBER		2. QUARTER		YEAR	
123456-000-9		1		01	
1a. INTERNET ACCESS NUMBER					
999900		12345600071010000			
http://uiqtwrs.dwd.state.wi.us					
3. REPORT AND PAYMENT DUE DATE					
APR 30, 01					
4. FEIN		5. EMPLOYER TELEPHONE NO.			
12-3456789		000-000-0000			
6. EMPLOYER NAME AND ADDRESS					
JOHN Q EMPLOYER					
1 CAPITOL ST					
ANYWHERE WI 55555-5555					
18. DO ANY OF YOUR EMPLOYEES HAVE ACCESS TO A HEALTH INSURANCE PLAN SPONSORED BY YOU, A UNION, OR A TRADE/PROFESSIONAL ASSOCIATION?					
<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO					
ITEM 7. MUST BE COMPLETED					
7. MONTHLY DATA SHOULD COUNT ALL FULL-TIME AND PART-TIME WORKERS IN COVERED EMPLOYMENT THAT WORKED DURING OR RECEIVED PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE MONTH. IF NONE, ENTER -0-.					
1ST MONTH- JAN		2ND MONTH- FEB		3RD MONTH- MAR	
2		2		2	
8. TOTAL COVERED WAGES Employee wage detail MUST be completed below				DOLLARS	CENTS
7500				00	(3)
9. LESS EXCLUSIONS FOR WAGES OVER \$10,500				-0-	(4)
10. DEFINED (TAXABLE) PAYROLL Item 8 minus Item 9 THIS LINE MUST BE COMPLETED				7500	00 (5)
11. Multiply Item 10 by:				.01	
12. TAX DUE				75	00
13. IF FILED AFTER DUE DATE, ADD INTEREST OF 1% PER MONTH OF ITEM 12, above.				-0-	
14. IF WAGE RPT. (Form UC-7823) FILED AFTER DUE DATE, ADD LATE FILING FEE. (See reverse side)				-0-	
15. LESS ELECTRONIC FUND TRANSFER (EFT) PAYMENT				-0-	
16. LESS CREDIT AVAILABLE as of				10	00
17. TOTAL AMOUNT ENCLOSED WITH THIS REPORT				65	00
RETURN THIS FORM AND ANY PAYMENT DUE. MAKE CHECK OR MONEY ORDER PAYABLE TO DIVISION OF UNEMPLOYMENT INSURANCE. FOR INFORMATION CALL (800)261-6700					
19. LINE NUMBER	20. CHANGE	21. EMPLOYEE'S SOCIAL SECURITY NUMBER	22. EMPLOYEE'S LAST NAME	23. EMPLOYEE'S FIRST NAME	24. EMPLOYEE'S QUARTERLY WAGES DOLLARS CENTS
1.		123456789	SAMPLE	NAME	XXXXXXXX.XX
2.		111111111	EMPLOYEE	A	4500.00 (1)
3.		222222222	EMPLOYEE	B	3000.00 (2)
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
25. TOTAL WAGES (Must agree with Item 8. above)					7500.00
26. I CERTIFY THE TAX AND WAGE REPORTS ARE CORRECT.					
SIGNATURE		TITLE		DATE	
John Q. Employer		Owner		4/3/01	
UC-101A (R. 03/14/2001) (U00067)					

QUARTERLY CONTRIBUTION/WAGE REPORT

PLEASE TYPE THIS REPORT
INSTRUCTIONS ON REVERSE SIDE

01

EXAMPLE 6

1. U.I. ACCOUNT NUMBER 2. QUARTER YEAR

123456-000-9 2 01

1a. INTERNET ACCESS NUMBER

999911

http://uiqtws.dwd.state.wi.us

12345600092010000

3. REPORT AND PAYMENT DUE DATE

JUL 31, 01

4. FEIN

12-3456789

5. EMPLOYER TELEPHONE NO.

000-000-0000

6. EMPLOYER NAME AND ADDRESS

JOHN Q EMPLOYER

1 CAPITOL ST

ANYWHERE WI

55555-5555

18. DO ANY OF YOUR EMPLOYEES HAVE
ACCESS TO A HEALTH INSURANCE PLAN
SPONSORED BY YOU, A UNION, OR A
TRADE/PROFESSIONAL ASSOCIATION?

☒

YES

☐

NO

ITEM 7. MUST BE COMPLETED

7. MONTHLY DATA SHOULD COUNT ALL FULL-TIME AND PART-TIME
WORKERS IN COVERED EMPLOYMENT THAT WORKED DURING OR RECEIVED
PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE
MONTH. IF NONE, ENTER -0-.

1ST MONTH- APR 2ND MONTH- MAY 3RD MONTH- JUN

2 2 2

8. TOTAL COVERED WAGES
Employee wage detail MUST
be completed below

7500

00

(8)

9. LESS EXCLUSIONS FOR
WAGES OVER \$10,500

-0-

(9)

10. DEFINED (TAXABLE) PAYROLL
Item 8 minus Item 9
THIS LINE MUST BE COMPLETED

7500

00

(10)

11. Multiply Item 10 by:

.01

12. TAX DUE

75

00

13. IF FILED AFTER DUE DATE,
ADD INTEREST OF 1% PER
MONTH OF ITEM 12, above.

-0-

14. IF WAGE RPT. (Form UC-7823)
FILED AFTER DUE DATE, ADD LATE
FILING FEE. (See reverse side)

-0-

15. LESS ELECTRONIC FUND TRANSFER
(EFT) PAYMENT

-0-

16. LESS CREDIT AVAILABLE
as of

-0-

17. TOTAL AMOUNT ENCLOSED
WITH THIS REPORT

75

00

RETURN THIS FORM AND ANY PAYMENT DUE.
MAKE CHECK OR MONEY ORDER PAYABLE TO DIVISION OF
UNEMPLOYMENT INSURANCE. FOR INFORMATION CALL (608)261-6700

19. LINE NUMBER	20. CHANGE	21. EMPLOYEE'S SOCIAL SECURITY NUMBER	22. EMPLOYEE'S LAST NAME	23. EMPLOYEE'S FIRST NAME	24. EMPLOYEE'S QUARTERLY WAGES DOLLARS CENTS
1.		123456789	SAMPLE	NAME	XXXXXXXXXX.XX
2.		111111111	EMPLOYEE	A	4500.00(6)
3.		222222222	EMPLOYEE	B	3000.00(7)
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

EXAMPLE ONLY

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Form can be Supplied FREE of Charge

Contact:

Telephone: (608) 266-0353

E-Mail: wagenet@dwd.state.wi.us

25. TOTAL WAGES

(Must agree with Item 8 above)

7500.00

01

26. I CERTIFY THE TAX AND WAGE REPORTS ARE CORRECT.

SIGNATURE

John Q. Employer

TITLE

Owner

DATE

7/5/01

UC-101A (R. 06/03/2001)
(U00028)

3
0
1QUARTERLY CONTRIBUTION/WAGE REPORT
PLEASE TYPE THIS REPORT
INSTRUCTIONS ON REVERSE SIDE

01

EXAMPLE 71. U.I. ACCOUNT NUMBER 123456-000-9
2. QUARTER 3 YEAR 01

1a. INTERNET ACCESS NUMBER 999922 12345600093010000

http://uiqtwrs.dwd.state.wi.us

3. REPORT AND PAYMENT DUE DATE

OCT 31, 01

4. FEIN 12-3456789
5. EMPLOYER TELEPHONE NO. 000-000-0000

6. EMPLOYER NAME AND ADDRESS

JOHN Q EMPLOYER
1 CAPITOL ST
ANYWHERE WI 55555-555518. DO ANY OF YOUR EMPLOYEES HAVE
ACCESS TO A HEALTH INSURANCE PLAN
SPONSORED BY YOU, A UNION, OR A
TRADE/PROFESSIONAL ASSOCIATION?

X

YES

NO

ITEM 7. MUST BE COMPLETED7. MONTHLY DATA SHOULD COUNT ALL FULL-TIME AND PART-TIME
WORKERS IN COVERED EMPLOYMENT THAT WORKED DURING OR RECEIVED
PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE
MONTH. IF NONE, ENTER -0-.

1ST MONTH- JUL 2ND MONTH- AUG 3RD MONTH- SEP

2 2 2

8. TOTAL COVERED WAGES Employee wage detail MUST
be completed below 7500 00 (13)

9. LESS EXCLUSIONS FOR WAGES OVER \$10,500 3000 00 (14)

10. DEFINED (TAXABLE) PAYROLL
Item 8 minus Item 9
THIS LINE MUST BE COMPLETED 4500 00 (15)

11. Multiply Item 10 by: .01

12. TAX DUE 45 00

13. IF FILED AFTER DUE DATE,
ADD INTEREST OF 1% PER
MONTH OF ITEM 12, above. -0-14. IF WAGE RPT. (Form UC-7823)
FILED AFTER DUE DATE, ADD LATE
FILING FEE. (See reverse side) -0-15. LESS ELECTRONIC FUND TRANSFER
(EFT) PAYMENT -0-16. LESS CREDIT AVAILABLE
as of -0-17. TOTAL AMOUNT ENCLOSED
WITH THIS REPORT 45 00RETURN THIS FORM AND ANY PAYMENT DUE.
MAKE CHECK OR MONEY ORDER PAYABLE TO DIVISION OF
UNEMPLOYMENT INSURANCE. FOR INFORMATION CALL (608)261-6700

19. LINE NUMBER	20. CHANGE	21. EMPLOYEE'S SOCIAL SECURITY NUMBER	22. EMPLOYEE'S LAST NAME	23. EMPLOYEE'S FIRST NAME	24. EMPLOYEE'S QUARTERLY WAGES DOLLARS CENTS
1.		123456789	SAMPLE	NAME	XXXXXXXX.00
2.		111111111	EMPLOYEE	A	4500.00 (11)
3.		222222222	EMPLOYEE	B	3000.00 (12)
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

EXAMPLE ONLY**DO NOT REPRODUCE THIS FORM**

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Contact:

Telephone: (608) 266-0353

E-Mail: wagenet@dwd.state.wi.us

25. TOTAL WAGES

7500.00

26. I CERTIFY THE TAX AND WAGE REPORTS ARE CORRECT.

(Must agree with Item 8 above)

SIGNATURE

John Q. Employer

TITLE

Owner

DATE

10/6/01

UC-101A (R. 09/11/2001)
(U00029)

QUARTERLY CONTRIBUTION/WAGE REPORT

PLEASE TYPE THIS REPORT
INSTRUCTIONS ON REVERSE SIDE

EXAMPLE 8

1. U.I. ACCOUNT NUMBER 2. QUARTER YEAR
123456-000-9 4 01

1a. INTERNET ACCESS NUMBER
999933 12345600093010000

<http://uiqtwrs.dwd.state.wi.us>

3. REPORT AND PAYMENT DUE DATE
JAN 31, 02

4. FEIN 5. EMPLOYER TELEPHONE NO.
12-3456789 000-000-0000

6. EMPLOYER NAME AND ADDRESS

**JOHN Q EMPLOYER
1 CAPITOL ST
ANYWHERE WI 55555-5555**

18. DO ANY OF YOUR EMPLOYEES HAVE
ACCESS TO A HEALTH INSURANCE PLAN
SPONSORED BY YOU, A UNION, OR A
TRADE/PROFESSIONAL ASSOCIATION?

YES ☒ NO ☐

ITEM 7. MUST BE COMPLETED

7. MONTHLY DATA SHOULD COUNT ALL FULL-TIME AND PART-TIME
WORKERS IN COVERED EMPLOYMENT THAT WORKED DURING OR RECEIVED
PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE
MONTH. IF NONE, ENTER -0-

1ST MONTH- OCT	2ND MONTH- NOV	3RD MONTH- DEC	
2	2	2	
8. TOTAL COVERED WAGES Employee wage detail MUST be completed below			DOLLARS CENTS (18)
			7500 00
9. LESS EXCLUSIONS FOR WAGES OVER \$10,500			DOLLARS CENTS (19)
			6000 00
10. DEFINED (TAXABLE) PAYROLL Item 8 minus Item 9 THIS LINE MUST BE COMPLETED			DOLLARS CENTS (20)
			1500 00
11. Multiply Item 10 by:			DOLLARS CENTS
			.01
12. TAX DUE			DOLLARS CENTS
			15 00
13. IF FILED AFTER DUE DATE, ADD INTEREST OF 1% PER MONTH OF ITEM 12, above.			DOLLARS CENTS
			-0-
14. IF WAGE RPT. (Form UC-7823) FILED AFTER DUE DATE, ADD LATE FILING FEE. (See reverse side)			DOLLARS CENTS
			-0-
15. LESS ELECTRONIC FUND TRANSFER (EFT) PAYMENT			DOLLARS CENTS
			-0-
16. LESS CREDIT AVAILABLE as of			DOLLARS CENTS
			-0-
17. TOTAL AMOUNT ENCLOSED WITH THIS REPORT			DOLLARS CENTS
			15 00

RETURN THIS FORM AND ANY PAYMENT DUE.
MAKE CHECK OR MONEY ORDER PAYABLE TO DIVISION OF
UNEMPLOYMENT INSURANCE. FOR INFORMATION CALL (608)261-6700

19. LINE NUMBER	20. CHANGE	21. EMPLOYEE'S SOCIAL SECURITY NUMBER	22. EMPLOYEE'S LAST NAME	23. EMPLOYEE'S FIRST NAME	24. EMPLOYEE'S QUARTERLY WAGES DOLLARS CENTS
1.		123456789	SAMPLE	NAME	XXXXXXXX.00
2.		111111111	EMPLOYEE	A	4500.00 (16)
3.		222222222	EMPLOYEE	B	3000.00 (17)
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

EXAMPLE ONLY
DO NOT REPRODUCE THIS FORM
Actual Form has a Special Background
Form can be Supplied FREE of Charge
Contact:
Telephone: (608) 266-0353
E-Mail: wagenet@dwd.state.wi.us

25. TOTAL WAGES 7500.00
(Must agree with Item 8 above)

26. I CERTIFY THE TAX AND WAGE REPORTS ARE CORRECT.

SIGNATURE DATE
John Q. Employer *Owner* *1/4/02*

UC-101A (R. 11/27/2001)
(U00030)

102

**QUARTERLY CONTRIBUTION REPORT
TO BE FILED WITH QUARTERLY WAGE RPT.
INSTRUCTIONS ON REVERSE SIDE.**

EXAMPLE 9

1. U.I. ACCOUNT NUMBER
LINE 8, SPACE 6

2. QUARTER **SPACE 26** YEAR **SPACE 31**

1a. INTERNET ACCESS NUMBER

LINE 11, SPACE 6
http://uiqtwrs.dwd.state.wi.us

3. REPORT AND PAYMENT DUE

LINE 14, SPACE 6

4. FEIN

LINE 17, SPACE 5

5. EMPLOYER TELEPHONE NO.

LINE 17, SPACE 21

6. EMPLOYER NAME AND ADDRESS

LINE 24, SPACE 6, (ADDRESS - 1st LINE)

LINE 25, SPACE 6, (ADDRESS - 2nd LINE)

LINE 26, SPACE 6, (ADDRESS - 3rd LINE)

LINE 31,

18. DO ANY OF YOUR EMPLOYEES HAVE
ACCESS TO A HEALTH INSURANCE PLAN
SPONSORED BY YOU, A UNION, OR A
TRADE/PROFESSIONAL ASSOCIATION?

SPACE 30

YES

SPACE 37

NO

19. I CERTIFY THE TAX AND
WAGE REPORTS ARE CORRECT.

SIGNATURE

TITLE

LINE 35, SPACE 44

DATE

SPACE 67

GENERAL INFORMATION

This report is required from all employers covered under Wisconsin's Unemployment Insurance (UI) law. A completed Quarterly Wage Report (on paper or magnetic/electronic media) must be submitted in addition to this report.

Two mailing addresses have been provided. If submitting the report WITH a check or money order or if payment was made by EFT for taxes due, mail to:

Department of Workforce Development
Division of Unemployment Insurance
P.O. Box 78960
Milwaukee, Wisconsin 53278-0960

For reimbursable employer reports and reports WITHOUT payment, mail to:

Department of Workforce Development
Division of Unemployment Insurance
P.O. Box 7945
Madison, Wisconsin 53707-7945

Send Wage Reporting magnetic media to:

Wage Reporting
P.O. Box 7962
Madison, Wisconsin 53707-7962

Do not make any adjustments for prior calendar quarters on this report. Request an adjustment form from the Division of Unemployment Insurance, Employer Service Team, P.O. Box 7942, Madison, Wisconsin 53707 or telephone (608) 261-6700.

INSTRUCTIONS ON THE REVERSE SIDE.

03

ITEM 7. MUST BE COMPLETED

7. MONTHLY DATA SHOULD COUNT ALL FULL-TIME AND PART-TIME WORKERS IN COVERED EMPLOYMENT THAT WORKED DURING OR RECEIVED PAY FOR THE PAYROLL PERIOD WHICH INCLUDES THE 12TH OF THE MONTH. IF NONE, ENTER -0-.

1ST MONTH- 2ND MONTH- 3RD MONTH-

LINE 9, SPACE 50 SPACE 61 SPACE 72

8. TOTAL COVERED WAGES
Must agree with total wages on Wage Report. **SPACE 69 78**

9. LESS EXCLUSIONS FOR WAGES OVER \$10,500 **SPACE 69 78**

10. DEFINED (TAXABLE) PAYROLL
Item 8 minus Item 9
THIS LINE MUST BE COMPLETED **SPACE 69 78**

11. Multiply Item 10. by:

12. TAX DUE **SPACE 69 78**

13. IF FILED AFTER DUE DATE,
ADD INTEREST OF 1% PER MONTH OF ITEM 12, above. **SPACE 69 78**

14. IF WAGE RPT. (Form UC-7823)
FILED AFTER DUE DATE, ADD LATE FILING FEE. (See reverse side) **SPACE 69 78**

15. LESS ELECTRONIC FUND TRANSFER (EFT) PAYMENT **SPACE 69 78**

16. LESS CREDIT AVAILABLE
as of

17. TOTAL AMOUNT ENCLOSED
WITH THIS REPORT **SPACE 69 78**

RETURN THIS FORM AND ANY PAYMENT DUE.
MAKE CHECK OR MONEY ORDER PAYABLE TO DIVISION OF
UNEMPLOYMENT INSURANCE. FOR INFORMATION CALL (608) 261-6700

EXAMPLE 10**ACCOUNT CHANGE INFORMATION**

DO NOT return this form if no changes have occurred. If you supply information on this form enter your UI Account Number and Legal Name from your Contribution/Wage Report. Return this form with your Contribution Report to UI Division, P.O. Box 7945, Madison, WI 53707.

MUST BE COMPLETED IF CHANGES OCCURRED	UI Account Number	Legal Name

Enter changes for listed items or complete if any item is blank on your Contribution/Wage Report.

CHANGES	New Legal Name	New Address
	New Trade Name	
	New Federal E.I. Number	
	New Telephone Number	

Enter appropriate information on any change in your business operations.

CLOSED BUSINESS	<input type="checkbox"/> Liquidation <input type="checkbox"/> Death <input type="checkbox"/> Other, Specify _____	Date of Last Employment _____/_____/_____
NO EMPLOYMENT IN THIS QUARTER	<input type="checkbox"/> Business Continuing Without Employees (Explain Below Under Other Change)	Date of Last Employment _____/_____/_____
	<input type="checkbox"/> No Employees - a Temporary Situation	Approximate Date Employment Will Resume _____/_____/_____
	<input type="checkbox"/> Employing Independent Contractors	

* Section 108.16(8)(k), Wis. Stats. requires **WRITTEN NOTICE WITHIN 30 DAYS OF CHANGE.**

* REORGANIZED BUSINESS	Briefly Explain the Reorganization:		Date of Reorganization _____/_____/_____
			New Legal Name _____ New Address _____ _____
* TRANSFERRED/ SOLD OR ACQUIRED BUSINESS	Date Transferred/Sold or Acquired _____/_____/_____	Check one: <input type="checkbox"/> Business Transferred To: or <input type="checkbox"/> Business Acquired From:	
	Check one: <input type="checkbox"/> Total Sale <input type="checkbox"/> Partial Sale <input type="checkbox"/> Total Purchase <input type="checkbox"/> Partial Purchase	Legal Name _____ Trade Name _____ Address _____ _____ UI Account No. _____ Telephone No. (____) _____	
OTHER CHANGE	Explain		
CONTACT PERSON	Above Information Supplied by _____		Telephone Number (____) _____
	Person to Contact for Additional Information _____		Telephone Number (____) _____

G. How Your Tax Rate is Determined

As a newly subject employer, your tax rate is fixed for the first three calendar years. The new employer rate is currently 3.05% for employers with an annual taxable payroll under \$500,000.00 and 3.25% for those over \$500,000.00.

Newly liable construction industry employers pay at the average rate for all other experience-rated construction industry employers. The applicable construction industry rate for new employers is redetermined each year. The rate is 3.75% for 2001 and 2002.

New employer tax rates apply to a calendar year and not to the first four or eight calendar quarters during which an employer has payroll. After the first three calendar years, you will be assigned an annually determined "experience" rate based upon the activity in your account.

An account balance is maintained for each individual employer covered under the UI Law. The balance is maintained for tax rating purposes only. **The taxes paid are similar to insurance premiums and, therefore, in the event an employer goes out of business, no money in the account is returned to the employer.**

The balance increases with each tax payment made by the employer and decreases with every unemployment benefit payment made to their laid off workers. After the initial new employer tax rating period, 3 years, we determine your experience rate as follows:

1. Your account balance as of June 30, which includes tax payments made through July 31 and benefit payments made through June 30, is one factor used to compute your rate. It is marked with the number one on the attached Example 11 rate notice form. Another factor is your fiscal year taxable payroll as reported on your quarterly reports for the fiscal year ending on June 30 of the current year. In simple terms, the quarters would always be the last two

quarters of the previous year and the first 2 quarters of the current year. This is number 2 on the Example 11.

Your account balance⁽¹⁾ is divided by the fiscal year taxable payroll⁽²⁾ to determine your "reserve percentage"⁽³⁾ which in turn determines your tax rate for the next year. Note all superscripts reference numbers on Example 11.

2. The "reserve percentage" is then applied to the rate schedule, (see Example 12), in effect for that year. The rate schedule shows a basic rate and a solvency rate as labeled with a ⁽⁴⁾ and a ⁽⁵⁾ on both the Example 11 rate notice and Example 12 rate schedule. The basic rate portion of each tax payment is credited to your account balance. The solvency rate portion of each tax payment is credited to a shared risk account called the balancing account. Your total rate⁽⁶⁾ is the sum of your basic rate⁽⁴⁾ and your solvency rate⁽⁵⁾ and is the rate shown on your quarterly tax report.

This total rate applies to all quarters for the following calendar year. You will normally receive your notice of rate in mid-October for the next calendar year. Form UCT-100B is the rate notice (Example 11).

On the example shown, the employer has an account balance of \$1,875.00⁽¹⁾ and fiscal year taxable payroll of \$25,000.00⁽²⁾. The "reserve percentage" calculates to be 7.50%⁽³⁾. Applying that 7.50% "reserve percentage" to the rate schedule shown, yields a basic rate of 0.80%⁽⁴⁾ and a solvency rate of 0.10%⁽⁵⁾ for a total rate of .90%⁽⁶⁾. These items are labeled on the rate notice, Example 11, and the line from the rate schedule, Example 12.

The rate schedules can change from year to year depending on the overall condition of Wisconsin's Unemployment Reserve Fund. If the cash balance in the Reserve Fund on the previous June 30 is over \$1.2 billion, the lowest of 4 statutory rate

schedules is in effect for the following calendar year. The schedule shown here is the lowest rate schedule and has been in effect each year since 1992. The rate schedule differs if you are considered a small or a large employer. Taxable payroll as shown in item 2 on Example 11 is under \$500,000.00 and therefore the employer in Example 11 is a small employer. If taxable payroll was \$500,000.00 or more, the employer would be considered a large employer.

H. Lowering Your Tax Rate

Each year employers have the option of making an extra contribution, which is credited directly to their June 30 account balance and is used for the purpose of lowering their UI rate for the following year by one rate bracket on the rate schedule. This extra payment is called a “voluntary contribution”.

A “voluntary contribution” is a payment over and above your required quarterly contributions and directly affects the account balance used to determine your next year’s rate. You may submit a voluntary contribution to obtain a lower rate for the upcoming year only in November of each year. These payments must be postmarked by November 30. **It is not always advantageous to submit a voluntary payment as this payment might be more than the savings you realize.**

To determine the dollar amount needed to lower your rate:

1. Take the “reserve percentage” (item #3 on Example 11) from your rate notice and locate that number on the rate schedule.
2. Look at the minimum “reserve percentage” for the next lower tax rate on the schedule (Example 12). This minimum percentage is what will be required for you to get the next lowest rate. In our Example 12 this would be 8.0% ⁽⁷⁾.
3. Multiply the “reserve percentage” of the lower rate by your fiscal year payroll as shown on the rate notice, ⁽²⁾ on Example 11. This figure represents the account balance needed to qualify for the lower rate. In Example 11, we would multiply 8.0% by the taxable payroll of \$25,000.00. This equals \$2,000.00.
4. Subtract your actual June 30 balance as shown in item 1 on Example 11 on your rate notice to obtain the amount of voluntary contribution needed (\$2,000.00 - \$1,875.00 = \$125.00). To determine if you are going to realize a savings in taxes payable for next year, multiply the difference in the tax rates by the fiscal year payroll from the rate notice ($0.001 \times \$25,000.00 = \25.00). If this figure is more than the amount of the voluntary contribution needed, you are realizing a savings. If not, paying at the original rate will cost you less. In Example 11, the employer should not make a voluntary contribution because the cost of the voluntary (\$125.00) exceeds the savings (\$25.00). Remember, other circumstances such as an increase in payroll may alter your decision. We will be glad to help you compute your voluntary contribution and determine if you are likely to realize a savings. Call (608) 261-6700 for help.

A voluntary payment once submitted is irrevocably paid. The amount of any voluntary contribution in excess of the amount necessary to lower your rate one bracket will be set up as a credit and will be refunded at your request.

See following page for example of UCT-100B (Example 11) Unemployment Insurance Tax Rate Notice.

2002 UNEMPLOYMENT INSURANCE TAX RATE NOTICE

Department of Workforce Development

Under Wisconsin's Unemployment Insurance Law

Division of Unemployment Insurance
P.O. Box 7945
Madison, WI 53707

DATE: 10/05/02

UI ACCOUNT NUMBER: 123456-000-7

EXAMPLE 11

EMPLOYER NAME AND ADDRESS:

JOHN Q EMPLOYER
1 CAPITOL ST
ANYWHERE, WI 55555-5555

Your unemployment insurance tax rate is recalculated each year based on your fiscal year taxable payroll and the reserve balance in your UI Account as of June 30. The following amounts show your 2002 rate and the factors used in computing the rate.

Please make sure this notice reaches the person responsible for contribution tax matters. If you have questions, call 608-261-6700.

TAXABLE PAYROLL Fiscal Year Ended June 30, 2001	C O O D E	RESERVE BALANCE as of June 30, 2001	C O O D E	RESERVE PERCENTAGE (C as % of A)	BASIC RATE %	C O O D E	SOLVENCY RATE %	TOTAL RATE (F + H) %
A	B	C	D	E	F	G	H	J
⁽²⁾ 25,000.00		⁽¹⁾ 1,875.00		⁽³⁾ 7.50	⁽⁴⁾ 0.80		⁽⁵⁾ 0.10	⁽⁶⁾ 0.90

SEE REVERSE SIDE FOR EXPLANATION OF FACTORS USED IN COMPUTING RATES.

VOLUNTARY CONTRIBUTION DUE DATE IS NOVEMBER 30.

If you wish to make a voluntary payment to lower next year's tax rate, tear along perforation and submit bottom portion with your remittance. Voluntary contributions are explained on reverse side.

VOLUNTARY CONTRIBUTION

EMPLOYER NAME AND ADDRESS:

UI ACCOUNT NUMBER:

EXPLANATION AND INSTRUCTIONS ON THE REVERSE SIDE.

MAIL TO: DWD
Unemployment Insurance
P.O. Box 7945
Madison, WI 53707

Code 260

Please make your voluntary payment by check or money order.
Do not pay by electronic fund transfer (EFT).

Employer's Signature:		Telephone:	Amount of Check: \$
			Date Signed:

EXAMPLE 12**2002 Unemployment Rate Schedule D**

RESERVE PERCENTAGE	SMALL FIRMS UNDER \$500,000.00 TAXABLE PAYROLL			LARGE FIRMS \$500,000.00 OR MORE TAXABLE PAYROLL		
	BASIC (Col. F)	SOLVENCY (Col. H)	TOTAL (Col. J)	BASIC (Col. F)	SOLVENCY (Col. H)	TOTAL (Col. J)
15% or more	0.00%	0.00%	0.00%	0.00%	0.05%	0.05%
10% but under 15%	0.10%	0.02%	0.12%	0.10%	0.05%	0.15%
9.5% but under 10%	0.25%	0.02%	0.27%	0.25%	0.05%	0.30%
9.0% but under 9.5%	0.35%	0.02%	0.37%	0.35%	0.05%	0.40%
8.5% but under 9.0%	0.55%	0.10%	0.65%	0.55%	0.15%	0.70%
8.0% but under 8.5% (7)	0.70%	0.10%	0.80%	0.70%	0.20%	0.90%
7.5% but under 8.0% (3)	0.80% (4)	0.10% (5)	0.90% (6)	0.80%	0.25%	1.05%
7.0% but under 7.5%	0.95%	0.15%	1.10%	0.95%	0.30%	1.25%
6.5% but under 7.0%	1.20%	0.15%	1.35%	1.20%	0.35%	1.55%
6.0% but under 6.5%	1.50%	0.20%	1.70%	1.50%	0.40%	1.90%
5.5% but under 6.0%	1.85%	0.25%	2.10%	1.85%	0.45%	2.30%
5.0% but under 5.5%	2.20%	0.30%	2.50%	2.20%	0.50%	2.70%
4.5% but under 5.5%	2.55%	0.35%	2.90%	2.55%	0.55%	3.10%
4.0% but under 4.5%	2.90%	0.40%	3.30%	2.90%	0.55%	3.45%
3.5% but under 4.0%	3.35%	0.40%	3.75%	3.35%	0.55%	3.90%
0.0% but under 3.5%	3.90%	0.40%	4.30%	3.90%	0.55%	4.45%
Overdrawn under (1.0%)	5.70%	0.70%	6.40%	5.70%	0.70%	6.40%
(1.0%) but under (2.0%)	6.20%	0.70%	6.90%	6.20%	0.70%	6.90%
(2.0%) but under (3.0%)	6.70%	0.70%	7.40%	6.70%	0.70%	7.40%
(3.0%) but under (4.0%)	7.20%	0.70%	7.90%	7.20%	0.70%	7.90%
(4.0%) but under (5.0%)	7.70%	0.80%	8.50%	7.70%	0.80%	8.50%
(5.0%) but under (6.0%)	8.20%	0.85%	9.05%	8.20%	0.85%	9.05%
(6.0%) or more	8.90%	0.85%	9.75%	8.90%	0.85%	9.75%
New Employer Rate	2.70%	0.35%	3.05%	2.70%	0.55%	3.25%
Construction Industry, New Employer Rate	3.35%	0.40%	3.75%	3.35%	0.55%	3.90%

I. Filing an Adjustment Report

Use a Form UCT-7842, Contribution Adjustment Report (which can be found on our web site at <http://www.dwd.state.wi.us/ui/Admin/Forms/FormTitl.htm>) or write us a letter to correct any reporting errors in your account. The adjustment should include a quarterly breakdown of the changes to be made.

If you have overreported your taxable wages, you may request a refund. You must apply for it within three years after the close of the calendar year in which the payment based on the overreported amount was made.

If the adjustment is for underreported wages, follow the same procedure in notifying the department. Submit any additional taxes due at the tax rate assigned for the year underpaid.

We will refund your overpaid taxes if you have no outstanding UI liabilities and your credit is greater than your estimated UI taxes for the next two quarters. Refunds

are not made during the tax collection months of January, April, July and October.

J. UCT-7842, Contribution Adjustment Report Form

See the following pages for an example of UCT-7842, showing you how to report an adjustment. This form is a generic form so you will need to fill in your account number, (#1) the quarter (#2) and year (#3) and the number of employees (#4), if applicable.

You should show the quarterly figures, as you previously reported them, in column A and the correct figures in column B. The difference should be reflected in column C. You need to do this for items 6, 7 and 8. If you have over-reported and the figures in column C are credits, please put brackets () around them to show a credit. Section 4, Part 7, includes instructions for completing the Wage Adjustment Report, Form UCT-7878.

See Example 13, which shows over-reported payroll.

CONTRIBUTION ADJUSTMENT REPORT

EXAMPLE 13

Wisconsin Department of Workforce Development

Unemployment Insurance
P.O. Box 7945
Madison, WI 53707-7945
(608)261-6700

UCT-7842 (R. 04/22/98)

(U00048)

READ INSTRUCTIONS ON REVERSE SIDE

1. UI Account Number	2. Quarter	3. Year
123456-000-9	1	99

4. To adjust the number of employees, place the correct number employed as of the 12th of each month in the correct box.

1st Month	2nd Month	3rd Month

5. Employer's Name and Address:

John Q. Employer
1 Capitol St.
Anywhere WI 55555-5555

OFFICE USE ONLY	
	214

	(A) Previously Reported for this Quarter	(B) Correct Totals	(C) Difference (over) under
6. Total Covered Wages	25,000.00	24,000.00	(1,000.00)
7. Less Exclusions for Wages in Excess of	2,000.00	2,000.00	
8. Defined (Taxable) Payroll	23,000.00	22,000.00	(1,000.00)
9. Rate			.01
10. Contributions Underpaid or (Overpaid). Multiply Line 8 by Rate.			
11. If contributions line 10(C) are (OVERPAID), go to item 12. If contributions on line 10(C) are UNDERPAID, compute interest and ENTER HERE. (Compute interest at 1% per month for each completed or partial month since the original report due date. Multiply that interest by underpaid contributions on line 10(C).)			
12. TOTAL DUE— Add on line 10(C) and line 11(C) and ENTER HERE. (OVERPAID)			(10.00)
13. Signature	Date	Title	Phone Number
John Q. Employer	1/11/00	Owner	999-999-9999

BELOW THIS LINE FOR OFFICE USE ONLY

262		
EFFECTIVE DATE		
MONTH	DAY	YEAR
UNIT		
ANALYST		
UI ACCOUNT NUMBER		
EMPLOYER NAME		
CHECK AMOUNT		

UCT-7842 (R. 04/22/98)
(U00048)

CONTRIBUTION ADJUSTMENT REPORT INSTRUCTIONS

EXAMPLE 13 - CONTINUED

- Complete this form if you need to adjust previously reported quarterly contributions.
- Use a separate Contribution Adjustment Report for each quarter.
- If report indicates that additional contributions and interest are due, enclose remittance, and mail to:

UNEMPLOYMENT INSURANCE
P.O. BOX 7945
MADISON, WI 53707-7945

If report indicates overpaid contribution, you can apply amount against future contributions.

COMPLETION INSTRUCTIONS:

- Item 1 -** If not preprinted, enter your 10 digit Wisconsin UI Account Number.
- Item 2 -** Enter Calendar Quarter (1,2,3, or 4).
- Item 3 -** Enter Calendar Year (Example: 88,89,90).
- Item 4 -** Complete ONLY if previously reported number of employees, working in the pay period which included the 12th of the month was incorrect. Enter the correct number for each month.
- Item 5 -** If not preprinted, enter your name and address.

COLUMN A - Enter totals previously reported on the Quarterly Contribution Report, form UCT-101 or Quarterly Contribution/Wage Report form UC-101, or latest Contribution Adjustment Report, form UCT-7842.
COLUMN B - Enter the correct totals which should have been reported for this quarter.
COLUMN C - Enter the difference between Columns A and B. If the amount in Column A is larger than the amount in Column B, place that amount in (brackets) to indicate an overreported amount.

- Item 6 -** Enter total covered wages paid during the quarter. CHANGES TO WAGE MAY ALSO REQUIRE CORRECTIONS TO YOUR PREVIOUS WAGE DETAIL REPORT. MAKE ALL DETAIL WAGE CHANGES ON A "WAGE ADJUSTMENT REPORT", FORM UCT-7878.
- Item 7 -** Enter the total wages paid this quarter which are in excess of the \$10,500 per employee wage base. You are required to pay tax on the first \$10,500 paid to each employee in a calendar year. The wages paid to an employee in excess of \$10,500 in a calendar year are excludable.

An example of how to compute this exclusion for an individual employee follows:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FORTH QUARTER
TOTAL WAGES				
JOHN DOE	\$6000	\$6000	\$6000	\$6000
EXCLUSION	0	\$1500	\$6000	\$6000
TAXABLE WAGES	\$6000	\$4500	0	0

Use this format to calculate the exclusion amount for each employee and then accumulate all wages over \$10,500 in that quarter and enter on item 7.

- Item 8 -** Subtract item 7 from item 6 and enter the result. If the result is a decrease of taxable wages (bracket) the amount.
- Item 9 -** Tax Rate
- Item 10 -** Multiply the amount in box 8(C) by your tax rate and enter. If taxable payroll was overreported, (bracket) the amount of overpayment and go to item 12. You can apply any overpaid amount against future contribution.
- Item 11 -** If contributions were underpaid, compute interest at 1% per month from the due date of the initial report to the current month. Any portion of a month must be counted as a complete month.
- Item 12 -** Add lines 10 and 11 and enter.
- Item 13 -** Signature, date, title and telephone number of preparer.

K. Reading Your Account Statement

Form UCT-102, Employer UI Account Statement, is an informational statement sent to you after the end of each month in which there has been some account activity.

The form shows the prior month's balance, tax payments credited, a summary of benefit charges debited or credited and the new month ending balance. The ending balance represents a cumulative total since the account was opened.

Contributions to the UI fund are considered a tax and, as such, are not refundable. Contributions are split into three categories in accordance with Chapter 108.18. They are:

1. Reserve fund: An employer's quarterly tax payment posted to their account generated by the "basic" portion of the employer's tax rate.
2. Solvency: An employer's quarterly tax payment posted directly to the state solvency (balancing) account generated by the "solvency" portion of the employer's tax rate.

Benefit charges and adjustments shown on the weekly UCB-7074 reports are the amounts listed on your account statement for that month.

Both basic and solvency payments represent taxes paid and are not refundable should you go out of business. The balance in your account, along with all other experience, may be transferable under certain conditions should your business be sold (see Part 6: "BUSINESS TRANSFERS AND TAKING OVER A UI ACCOUNT").

L. UCT-102, Employer UI Account Statement Form

See the following page for an example of a UCT-102, Employer UI Account Statement.

In Example 14, a payment of \$125.00 was credited to the account of which \$121.50⁽¹⁾ was credited to your account balance and added to your previous month's ending balance of \$925.00⁽²⁾ to increase your balance as of the end of the month to \$1,046.50⁽³⁾.

EMPLOYER UI ACCOUNT STATEMENT

Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

Page 01 of 01

Month of: **April - 2001**

3.05% Tax Rate For: 2000

For questions about the benefit eligibility or benefit charging for a specific claimant, refer to your UCB-7074 or call (608) 266-2722.

M. FUTA Crossmatch Program

Generally, if you are subject to Wisconsin's UI Law you will also be subject to the Federal Unemployment Tax Act (FUTA). Compliance with the federal law is established by filing U.S. Treasury Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return (Example 15). Government units and statutory nonprofit organizations are exempt from taxation under FUTA.

You must file a Form 940 with the Internal Revenue Service (IRS) by January 31 of the following year. Certain employers are required to make advance quarterly deposits. Contact any IRS office for more information and/or to request Form 940.

The FUTA tax is 6.2% with a corresponding offset credit of 5.4% if state UI taxes have been paid timely. The net FUTA tax remains at 0.8%.

Each year the federal government asks us to certify that the wages and tax payments you listed on Form 940 as having been paid to Wisconsin are correct and were paid timely.

This certification is done by a computer cross match utilizing your Federal Employer Identification Number (FEIN). To properly certify your offset credit, it is important that we have your correct FEIN on our records and that it matches the FEIN shown on your

Form 940. Important: When completing your 940 form, be sure to use your State Unemployment Account number when asked for your State reporting number.

When discrepancies occur between state and federal reports, the IRS will send you a notice of the discrepancy and a bill for any additional tax that may be due.

If you need to request a certification of your Wisconsin UI taxes paid or have any related questions, contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

See next page for Example of Federal Unemployment Tax Return.

EXAMPLE 15Form **940**Department of the Treasury
Internal Revenue Service (99)**Employer's Annual Federal
Unemployment (FUTA) Tax Return**

▶ See separate instructions for Form 940 for information on completing this form.

OMB No. 1545-0028

2001**You must
complete
this section.** ▶

Name (as distinguished from trade name)

Calendar year

Trade name, if any

Address and ZIP code

Employer identification number

T	
FF	
FD	
FP	
I	
T	

- A** Are you required to pay unemployment contributions to only one state? (If "No," skip questions B and C.) ☐ Yes ☐ No
- B** Did you pay all state unemployment contributions by January 31, 2002? ((1) If you deposited your total FUTA tax when due, check "Yes" if you paid all state unemployment contributions by February 11, 2002. (2) If a 0% experience rate is granted, check "Yes." (3) If "No," skip question C.) ☐ Yes ☐ No
- C** Were all wages that were taxable for FUTA tax also taxable for your state's unemployment tax? ☐ Yes ☐ No
- If you answered "No" to any of these questions, you must file Form 940. If you answered "Yes" to all the questions, you may file Form 940-EZ, which is a simplified version of Form 940. (Successor employers see **Special credit for successor employers** on page 3 of the instructions.) You can get Form 940-EZ by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you will not have to file returns in the future, check here (see Who Must File in separate instructions), and complete and sign the return ▶ ☐**If this is an Amended Return, check here.** ▶ ☐**Part I Computation of Taxable Wages**

1 Total payments (including payments shown on lines 2 and 3) during the calendar year for services of employees	1	
2 Exempt payments. (Explain all exempt payments, attaching additional sheets if necessary.) ▶	2	
3 Payments of more than \$7,000 for services. Enter only amounts over the first \$7,000 paid to each employee. (See separate instructions.) Do not include any exempt payments from line 2. The \$7,000 amount is the Federal wage base. Your state wage base may be different. Do not use your state wage limitation.	3	
4 Add lines 2 and 3	4	
5 Total taxable wages (subtract line 4 from line 1) ▶	5	

Be sure to complete both sides of this form, and sign in the space provided on the back.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

▼ DETACH HERE ▼

Cat. No. 112340

Form **940** (2001)Form **940-V**Department of the Treasury
Internal Revenue Service**Form 940 Payment Voucher**

Use this voucher only when making a payment with your return.

OMB No. 1545-0028

2001

Complete boxes 1, 2, and 3. Do not send cash, and do not staple your payment to this voucher. Make your check or money order payable to the "United States Treasury." Be sure to enter your employer identification number, "Form 940," and "2001" on your payment.

1 Enter your employer identification number.	2 Enter the amount of your payment. ▶	Dollars	Cents
	3 Enter your business name (individual name for sole proprietors).		
	Enter your address.		
	Enter your city, state, and ZIP code.		

EXAMPLE 15 - CONTINUED

Form 940 (2001)

Page **2**

Part II Tax Due or Refund

1	Gross FUTA tax. Multiply the wages from Part I, line 5, by .062	1	
2	Maximum credit. Multiply the wages from Part I, line 5, by .054	2	
3	Computation of tentative credit (Note: All taxpayers must complete the applicable columns.)		
(a) Name of state	(b) State reporting number(s) as shown on employer's state contribution returns	(c) Taxable payroll (as defined in state act)	(d) State experience rate period
			From To
3a	Totals ▶		
3b	Total tentative credit (add line 3a, columns (h) and (i) only—for late payments, also see the instructions for Part II, line 6) ▶		3b
4			
5			
6	Credit: Enter the smaller of the amount from Part II, line 2 or line 3b; or the amount from the worksheet in the Part II, line 6 instructions		6
7	Total FUTA tax (subtract line 6 from line 1). If the result is over \$100, also complete Part III		7
8	Total FUTA tax deposited for the year, including any overpayment applied from a prior year		8
9	Balance due (subtract line 8 from line 7). Pay to the "United States Treasury." If you owe more than \$100, see Depositing FUTA Tax on page 3 of the separate instructions ▶		9
10	Overpayment (subtract line 7 from line 8). Check if it is to be: <input type="checkbox"/> Applied to next return or <input type="checkbox"/> Refunded ▶		10

Part III Record of Quarterly Federal Unemployment Tax Liability (Do not include state liability.) Complete only if line 7 is over \$100. See page 6 of the separate instructions.

Quarter	First (Jan. 1–Mar. 31)	Second (Apr. 1–June 30)	Third (July 1–Sept. 30)	Fourth (Oct. 1–Dec. 31)	Total for year
Liability for quarter					

Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions page 4)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No		
	Designee's name ▶	Phone no. ▶ ()	Personal identification number (PIN) ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and, to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments to employees.

Signature ▶ _____ Title (Owner, etc.) ▶ _____ Date ▶ _____



Form **940** (2001)

N. Payment of Taxes Via Electronic Funds Transfer

You can make your quarterly tax payments via electronic funds transfer (EFT).

If you file using the internet <http://www.dor.state.wi.us/> ETF will be an available payment option.

In addition, the Wisconsin Departments of Revenue (DOR) and Workforce Development (DWD) have set up an EFT system for employers to pay various state taxes including unemployment insurance (UI) and withholding tax. By calling a toll free number you can initiate your payment as many as 45 days before the actual payment is made.

Before an employer can use the system, they must register. You can request registration forms and instructions by calling our UI employer service line at (608) 261-6700 or the DOR EFT service line at (608) 264-9918.

When paying your tax via EFT, you must continue to file your quarterly report as usual. When paying by EFT, please enter 0.00 on item 17 (total amount remitted) of the report. Item 17 is only filled in with your payment amount when your payment is enclosed.

Deaf, hearing or speech impaired callers may reach us through WI TRS.

O. Closing Your Account

If you no longer have employment or if you are closing your business, let us know so we can stop sending you quarterly tax and wage reports. We will notify you if your account is eligible to be closed, and after three years, we will issue an Initial Determination that closes your account. This applies to tax employers only. Reimbursement employers' accounts remain open because of the potential for benefit charges that must be repaid by the reimbursable employer.

If your account is closed, your positive or negative account balance will be transferred to the balancing account. If you go into business again, your payroll will be taxed at the new employer tax rate in effect at that time.

To obtain information on closing your UI account, contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:
<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

5

UNIQUE REPORTING SITUATIONS

A. Temporary Help Company

1. Definition

A "Temporary Help Company" is defined as a leasing company or temporary help service which contracts with clients or customers to supply individuals to perform services for the client or customer and which both under contract and in fact:

- a. Negotiates with clients or customers for such matters as time, place, type of work, working conditions, quality and price of the services;
- b. Determines assignments or reassignments of individuals to its clients or customers, even if the individuals retain the right to refuse specific assignments;
- c. Sets the rate of pay of the individuals, whether or not through negotiation;
- d. Pays the individuals from its account or accounts; and
- e. Hires and terminates individuals who perform services for the clients or customers.

2. Determining Employer Liability

A Temporary Help Company is the employer of the individual who the company engages in employment to perform service for a client or customer of the company.

Officers of a client corporation can not be employees of the Temporary Help Company. They must be reported separately under the client's own UI accounts.

B. Professional Employer Organization

1. Definition

Professional employer organization means any person who contracts to provide the non-temporary, ongoing employee workforce of a client and who under contract and in fact:

- a. Has the right to hire and terminate the employees who perform services for the client and to reassign the employees to other clients;
- b. Sets the rate of pay of the employees, whether or not through negotiations;
- c. Has the obligation to and pays the employees from its own accounts;
- d. Has the general right of direction and control over the employees, including corporate officers, which right may be shared with the client to the degree necessary to allow the client to conduct its business, meet any fiduciary responsibility, or comply with any applicable regulatory or statutory requirements;
- e. Assumes responsibility for the unemployment insurance coverage of the employees, files all required reports, pays all required contributions or reimbursements due on the wages of the employees, and otherwise complies with all of the provisions of this chapter that are applicable to employers on behalf of the client;
- f. Has the obligation to establish, fund and administer employee benefit plans for the employees; and
- g. Provides notice of the employee leasing arrangement to the employees.

Employers meeting all of these requirements are required to provide a list of all of the clients to the Department.

C. Common Paymaster

1. Definitions

a. Common Paymaster

A common paymaster of a group of related corporations is any member thereof that pays concurrent employees of itself and one or more of the related corporations and is responsible for keeping the payroll records with respect to those concurrently employed individuals.

b. Concurrent Employment

Concurrent employment means the existence of an employment relationship between an individual and two or more corporations at the same time.

c. Related Corporations

Corporations are related for the entire calendar quarter if, at any time in that quarter, they satisfy any of the following four tests:

- (1) The corporations are members of a controlled group of corporations.
- (2) If the corporations do not issue stock, either 50% or more of one corporation's governing body are members of the other corporation's governing body, or holders of 50% or more of the voting power to select such members are concurrently the holders of more than 50% of that power in respect to the other corporation.
- (3) Fifty percent or more of one corporation's officers are concurrently officers of the other corporation.
- (4) Thirty percent or more of one corporation's employees are concurrently employees of the other corporation.

d. Payrolling

Payrolling is the practice of one entity reporting the wages and paying the UI tax on employees, who are directed and controlled by another entity. This practice is not allowed under the Wisconsin Unemployment Insurance Law.

2. Qualifying Requirements

Employers paying any wages through a common paymaster should report those wages through the common paymaster. To qualify as a common paymaster the following requirements must be met:

- The corporations must be related, and
- There must be concurrent employment of one or more employees by the paymaster and one or more of the related corporations; and the paymaster corporation is responsible for keeping the payroll records with respect to concurrently employed individuals.

Any of the concurrently employing related corporations could be designated as the common paymaster. The common paymaster reports the wages of the employees that work concurrently with it and one or more of the other related corporations.

If any the above conditions are not met, then each employing unit (separate corporation) must report their own employment under their own UI account.

D. Multi-State Employment

When your employee performs services in Wisconsin and some other state, the employee will be covered and reportable to Wisconsin if one of four tests specified in Section 108.02(15) of the statutes applies. The four tests used by Wisconsin are:

1. Localization

Your employee's services are in covered employment and "localized" in Wisconsin if all or most of the services are performed in this state with only isolated, incidental or temporary services performed outside of Wisconsin.

2. Base of Operations

If the first test does not apply, your employee's total services are covered employment in Wisconsin if some of their services are performed in this state and their "base of operations" is in Wisconsin. (Base of operations is interpreted as the place of more or less permanent nature from which your employee starts work, to which your employee customarily returns and to which you may direct instructions to your employee. It may be a branch office or the employee's residence.)

3. Place of Direction and Control

If the first two tests do not apply, your employee's total services are covered employment in Wisconsin if some of their services are performed in Wisconsin and the place from which you exercise general direction and control over the employee is in Wisconsin.

4. Residence of Employee

If the first three tests do not apply, your employee's total services are covered employment in Wisconsin if some of their services are performed in this state and their residence is in Wisconsin.

If, after applying all these tests you find a particular individual's services not covered in Wisconsin, you may elect to cover them in Wisconsin by filing a reciprocal agreement between Wisconsin and the other state involved. Certain states will not approve such an election if the individual has residence in that state and provides some services in that state.

Similar tests appear in the unemployment insurance laws of a majority of the states in an effort to avoid conflicts and overlapping coverage between states.

However, differences in interpretation do exist among a few states.

Certain employment of United States citizens working for American employers in foreign lands (except Canada) may also be reportable for unemployment purposes to this state. Also, aliens working in Wisconsin are reportable for Unemployment Insurance purposes.

If you have any questions regarding Unique Reporting Situations, contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, Wisconsin 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

6

BUSINESS TRANSFERS AND TAKING OVER A UI ACCOUNT

A. Transfer of Business

A transfer of business occurs any time a business activity or business asset is transferred outside of the normal course of doing business.

The usual way that a business is transferred is through a sale, lease, reorganization, merger or consolidation. However, a business can also be transferred through foreclosures, inheritances and bankruptcy.

In any transfer, the transferor is the seller or former owner/operator of the business being transferred and the transferee is the buyer or new owner/operator of the business.

It is not necessary for a transfer to occur directly between the former owner/operator and the new owner/operator. Third parties such as landlords, financial institutions and the courts are often intermediaries for transfers.

Some common situations that ARE NOT a transfer of business;

- Sale of corporate stock.
- Corporate name change.
- Sale of assets in the ordinary course of business.
- Transfer of employees only or transfer of payroll function only.
- A corporation changing from or to Subchapter S status.

A transfer of business may have important consequences for your business's UI tax rate and reserve account. The impact can be positive if you take over the UI account of a business with a low rate. The impact can be negative if you take over the account of a business with a high tax rate.

When you transfer or acquire a business, you must let us know within 30 days of the sale/acquisition. Notice can be done by telephone, by completing a Report of Business Transfer, Form UCT-115, or by other written notice with information about the transfer.

B. Taking Over a UI Account

Successorship occurs when all or a portion of the former owner's UI account is transferred to the new owner due to a transfer of all or a portion of the business. Successorship is mandatory when related interests are involved and is optional for unrelated interests. See D. **When You Must Take Over the UI Account Experience of the Former Owner/Operator.**

When successorship occurs, the employer who has taken over the former owner's/operator's account is referred to as the "successor". The employer whose UI account (and business activity) was taken over is referred to as the "predecessor". The words successorship, successor and predecessor are used in the legal language of the UI law.

If you are acquiring an existing business, you may have a choice as to whether or not you take over the UI experience of the former owner/operator. The following sections give you more information regarding business transfers and taking over the former owner's/operator's UI account.

C. UCT-115, Report of Business Transfer Form

The Report of Business Transfer (Example 16) is the primary form used by the department to obtain information on business transfer. The form is generally requested from both parties. The form can also be used by the new owner/operator to make a written application to take over the UI account of the former owner/operator.

The sections on the forms are numbered and labeled. Following is a brief description of these sections.

1. Former Owner/Operator

This information will identify the former owner/operator. It is important to list the current mailing address and telephone number, which may have changed since the transfer. When completing the form, if there is some information which you do not know, enter "unknown" in the space or leave it blank.

2. New Owner/Operator

This information identifies the new owner or operator who acquired the business. It is important to list the names and ownership percentages of the individuals who currently own or control the business.

When completing the form, if there is some information which you do not know enter "unknown" in the space or leave it blank.

3. Relationship Between Parties

It is necessary that you compare the former ownership with the current ownership and indicate if there are any common owners or any that are related through immediate family. See the examples identified in the questions.

If there is no relationship or common interest at all between the parties, then the new owner/operator should complete Section 5, Option of New Owner/Operator of the form. The new owner/operator can apply to take over the UI experience of the former owner/operator or can decide not to apply. While the application to take over the UI account does not necessarily have to be done when this form is completed, there is a deadline for making a timely application. The deadlines are shown in Section 5.

4. Effective Dates

Enter the effective or legal date when the new owner/operator has control over the business transferred. This is known as the transfer date.

5. Option for New Owner/Operator

This section provides the new owner the option to acquire the UI experience of the previous owner, elect not to acquire the experience or to request additional information before making a decision.

6. Method of Transfer

Provides a checklist of the methods of selling/acquiring a business (sale, lease, reorganization, merger, etc.).

7. Assets Transferred

Provides a checklist of assets sold/acquired (real estate, inventories, accounts receivable, etc.).

8. Continuation of Business

This section asks whether the new owner/operator continued the business without interruption and in the same location. If there was a period of time when the business was not operated or there has been a change of business location, please provide additional information.

9. Number of Employees

Asks the question how many employees worked in the transferred business prior to the transfer and how many employees continued with the new owner/operator.

10. Identify Nature of Business Transferred

This could be information about the method of transfer (third party transfers, leases, reorganizations, foreclosures, estates and receiverships) or information about which assets were transferred and which were not, or information describing that two or more transfers took place and the dates of those transfers.

11. Total or Partial Transfer

Indicate whether the transfer was total or partial.

If all the former owner's/operator's business activity has been transferred and they will no longer have payroll, the transfer is total. In a total transfer, the former owner/operator must tell us if there will be payroll after the transfer date for closing of accounts and liquidation of assets.

If the former owner/operator will continue to operate some portion of business they operated before the transfer, the transfer is considered partial.

12. Required Signature

This form can be submitted on behalf of either the former or new owner/operator. In some cases the form can be submitted on behalf of both people. The form should be signed by the person submitting the form or their representative such as an attorney or an accountant.

See following pages for copy of UCT-115.
(Example 16)

Report of Business Transfer (Sale/Acquisition/Reorganization)

Under Wisconsin's
Unemployment Insurance (UI) Law **EXAMPLE 16**

Division of Unemployment Insurance
P.O. Box 7942, Madison, WI 53707
Telephone: (608) 261-6700
Fax: (608) 267-1400
<http://www.dwd.state.wi.us/uitax/default>

Personal information you provide may be used for secondary purposes [Privacy Law, s. 15.04 (1)(m)]. The provision of your social security number is voluntary. Failure to provide your social security number may result in an information processing delay.

The purpose of this report is to provide information about changes to the ownership/operators of a business. (Section 108.16(8), Wisconsin Statutes)

1. Former Owner/Operator

Employer Legal Name <i>John Q. Employer</i>	WI UI Account Number <i>123456-000-9</i>	Telephone Number <i>(000) 000-0000</i>
Trade Name <i>Acme Widgets</i>	Federal ID Number <i>12-3456789</i>	Form of Ownership (Check one) <input checked="" type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Co. <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____
Current Mailing Address (Street or PO Box, City, State, Zip Code) <i>1020 Main Ave. Anywhere, WI 55555-5555</i>		
Physical Location of Transferred Business <i>Same</i>		Incorporated in the State of _____
List Names of Partners, Members or Stockholders <i>John Q. Employer</i>	Social Security Number <i>123-45-6789</i>	Ownership Percentage of Each <i>100%</i>

2. New Owner/Operator

Employer Legal Name <i>John Q. Inc.</i>	WI UI Account Number	Telephone Number <i>(111) 111-1111</i>
Trade Name <i>Acme Widgets</i>	Federal ID Number <i>98-7654321</i>	Form of Ownership (Check one) <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Co. <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Other _____
Current Mailing Address (Street or PO Box, City, State, Zip Code) <i>1020 Main Ave. Anywhere, WI 55555-5555</i>		
List Names of Partners, Members or Stockholders <i>John A. Employer Jane R. Employer</i>	Social Security Number <i>123-45-6789 987-65-4321</i>	Ownership Percentage of Each <i>50% 50%</i>

3. Relationship Between Parties in 1 and 2 Above

Are the parties the same or related (i.e., married; parent/child; common partners/stockholders/officers; parent/subsidiary)?

☒ Yes If Yes, Identify the relationships(s) *same owners*

☐ No

4. Effective Dates

Date Transfer Became Effective	MO.	DAY	YR.	Business LAST operated by FORMER OWNER/OPERATOR	MO.	DAY	YR.	Business FIRST operated by NEW OWNER/OPERATOR	MO.	DAY	YR.
	<i>01</i>	<i>01</i>	<i>02</i>		<i>12</i>	<i>31</i>	<i>01</i>		<i>01</i>	<i>01</i>	<i>02</i>

5. Option for New Owner/Operator

You may have an option to acquire the UI experience of the former owner. An application to acquire this experience must be filed by the appropriate due date (see chart to the right).	If the date of change is:	You must apply by:
Check one of the following statements: <input checked="" type="checkbox"/> This is an application to acquire the UI account experience. <input type="checkbox"/> New owner does not want to acquire the account experience. <input type="checkbox"/> Request additional information about this option.	Jan. 1 to March 31 April 1 to June 30 July 1 to Sept. 30 Oct. 1 to Dec. 31	July 31 Oct. 31 Jan. 31 April 30

This Form Must Be Completed on Both Sides and Signed Before Mailing

UCT-115 (R. 05/2002)

EXAMPLE 16 - CONTINUED**6. Method of Transfer**

<input type="checkbox"/> Sale	<input type="checkbox"/> Foreclosure	<input checked="" type="checkbox"/> Reorganization (Change of Legal Form)	<input type="checkbox"/> Management Contract
<input type="checkbox"/> Lease	<input type="checkbox"/> Cancellation of Lease	<input type="checkbox"/> Merger or Consolidation	<input type="checkbox"/> Sale of Corporate Stock
<input type="checkbox"/> Inheritance	<input type="checkbox"/> Bankruptcy Sale	<input type="checkbox"/> Receivership	<input type="checkbox"/> Other _____

7. Assets Transferred

<input type="checkbox"/> Real Estate	<input type="checkbox"/> Machinery & Equipment	<input type="checkbox"/> Franchises & Licenses	<input type="checkbox"/> None
<input type="checkbox"/> Inventories	<input type="checkbox"/> Furniture & Fixtures	<input type="checkbox"/> Goodwill	<input checked="" type="checkbox"/> Other <i>all aspects of the business</i>
<input type="checkbox"/> Contracts	<input type="checkbox"/> Accounts Receivable	<input type="checkbox"/> Customer Lists	

8. Continuation of Business

Has the new owner/operator continued to operate the same business activity:	Without interruption?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	In the same location?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

If either answer is **No**, explain fully and give address of new location:

9. Number of Employees

How many employees worked in the TRANSFERRED BUSINESS just prior to transfer?	How many employees continued with the new/owner operator?
<u>5</u>	<u>5</u>

10. Identify Nature of Business Transferred

What specific business activity was transferred?

Incorporated the sole proprietorship

11. Total or Partial Transfer

<input checked="" type="checkbox"/> Total transfer of former owner/operator's Wisconsin business operations.
Will the former owner/operator continue to have payroll or employees after the transfer date? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, explain why:
AND estimate last employment date:
<input type="checkbox"/> Partial transfer of former owner/operator's Wisconsin business operations. Under section 108.16 account experience is not transferred to the new owner/operator for most partial transfers.

12. Required Signature

Name of Contact Person	Telephone Number	Submitted on behalf of:
<i>John Q. Employer</i>	<i>(111) 111-1111</i>	
Signature(s)	Date Signed	
<i>John Q. Employer</i>	<i>6/17/02</i>	<input type="checkbox"/> Former Owner/Operator
<i>Jane R. Employer</i>	<i>6/17/02</i>	<input type="checkbox"/> New Owner/Operator
		<input checked="" type="checkbox"/> Both

D. When You Must Take Over the UI Account Experience of the Former Owner/Operator

If a transfer occurs between employers that are owned or controlled by similar interests or members of the same immediate family, taking over the UI account experience of the former owner/operator is mandatory. Some examples are a sole proprietor incorporating his or her business, a subsidiary corporation merging with the parent, and a person transferring a business to a spouse, child or parent or a seller and a buyer who have common ownership or control.

If a transfer occurs between employers that are owned and controlled by unrelated interests, taking over the UI account experience of the former owner/operator is optional. To qualify for this option, the new owner/operator must file a written application by the contribution report deadline for the quarter following the quarter in which the transfer occurred.

Application Deadline:

If date of change is	You must apply by:
Jan. 1 to March 31	July 31
April 1 to June 30	Oct. 31
July 1 to Sept. 30	Jan. 31
Oct. 1 to Dec. 31	April 30

Because of this application deadline, it is important that employers notify us immediately of transfers and acquisitions of business or assets.

E. Effects of Taking Over a UI Account

- The former owner's/operator's (positive or negative) UI account balance is transferred to the new owner/operator;
- The former owner's/operator's tax rate(s) and rate factors are transferred to the new owner/operator;
- The former owner/operator's reported payroll for meeting the taxable wage base in the transfer year is transferred to the new owner/operator.

- Any future benefits based on employment with the former owner/operator are charged to the new owner/operator; and
- Both the former owner/operator and new owner/operator are responsible for any outstanding tax liability of the former owner/operator.

F. UI Tax Rates If You Take Over An Account

- A new owner/operator who takes over the UI account of the former owner/operator and is not already an employer under UI law, is assigned the tax rate and tax rate factors of the former owner/operator;
- A new owner/operator who is not already an employer under the UI law and who takes over two or more UI accounts at the same time, is assigned a tax rate based on the combined tax rate factors of each of the former owners/operators; and
- A new owner/operator who is already an employer under the UI law keeps the UI tax rate of its original business for the year in which the transfer took place. However, the tax rate for all future years will be based on the combined rate factors of both employers.

G. Becoming a Newly Covered Employer Without Taking Over the UI Account of the Former Owner/Operator

If you are a new owner/operator of a business but are **not** taking over the UI account of the former owner/operator, and are **not** already an employer under the UI law, you become an employer under the Wisconsin UI law as of the date of the transfer.

As a newly covered employer, you will have all other aspects of a new UI employer including:

- The tax rate for new employers for the first three years.

- The first UI tax report deadline, which is:
 - ✓ The deadline of the quarter following the quarter in which the employer became covered; or
 - ✓ January 31, for those employers who became covered in the fourth quarter of the year.

To obtain more information on business transfers and taking over the UI account of the former owner/operator, contact us at:

E-mail: taxnet@dwd.state.wi.us

Internet:

<http://www.dwd.state.wi.us/uitax/default.htm>

or

Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

or

Telephone: (608) 261-6700
FAX: (608) 267-1400

Deaf, hearing or speech-impaired callers may reach us through WI TRS.

7 AUDITS OF EMPLOYER RECORDS

A. Audit Selection

To assure that employers are reporting payroll properly, department auditors conduct routine periodic examinations of employer records. Records of nonsubject employing units also are examined to determine whether coverage is required.

Your business may be selected for an audit to determine compliance with UI reporting requirements. There may be specific audit objectives that could range from obtaining delinquent reports, to investigating alleged independent contractor issues or suspected UI benefit fraud. Your auditor can tell you the reason for the audit.

B. Statutory Authority for Audit

Every employer is required to keep records showing full name, address, social security number and wages/payments of individuals performing services for pay. Payroll records and all subsidiary records deemed necessary must be available for inspection by an auditor at any reasonable time. This also includes computer records in machine readable format (magnetic tape or electronic disk), of which a copy may be taken to another location for the purpose of data retrieval.

Wisconsin UI law permits the estimation of payroll when an employer's records are not complete or not made available to the auditor. There are penalties for refusing or failing to keep records required by the department, or knowingly making false statements or reports. We can subpoena records if they are not made available voluntarily.

C. What to Expect

Auditors routinely examine the accuracy of gross wages, exclusions and other reported information to verify that payroll is correctly reported for UI purposes. The auditor looks at a variety of documents and records that

may contain payroll or payment for services type of information. Payments to any workers for providing services may be considered payroll for UI purposes. The auditor will make this determination based upon the Statutes.

Auditors also investigate wages involved in establishing benefit claims and investigate payments made to benefit claimants.

The length of time that the audit takes depends on the size of the employer, the condition of the records and the number of problems encountered. The field work of most audits will probably be completed in approximately one half day.

The auditor will discuss the results of the audit with you. A written audit report is generated from the auditor's computer and if your account is adjusted, you will be given a copy of "Proposed Audit Adjustments". This audit proposal is subject to review and processing before the actual "Initial Determination" or "ID" is mailed to you from Madison. The "ID" is an appealable document.

D. Your Right to Appeal

If you disagree with the audit findings, you can discuss your questions or concerns with the auditor. You can also discuss your case with an Audit Supervisor.

You have the right to appeal any Initial Determination issued by our department. To do so, mail your written appeal to the address listed on the ID within the 21-day appeal period. For more information see Section 3 Appeals, in this Employer Handbook.

E. Auditor as a Resource

Auditors are available to assist you in understanding your obligations and reporting requirements under Wisconsin's UI law. They may also be able to answer your questions regarding UI benefits. To obtain more specific information about audits of employer records or to request our

pamphlet, "Preparing For Your UI Audit"
(UCT-8296-P), contact us at:

Audit Section
Bureau of Tax & Accounting
Division of Unemployment Insurance
P.O. Box 7942
Madison, WI 53707

Or

Telephone: (608) 266-3180
FAX (608) 267-1400

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may reach us through WI TRS.